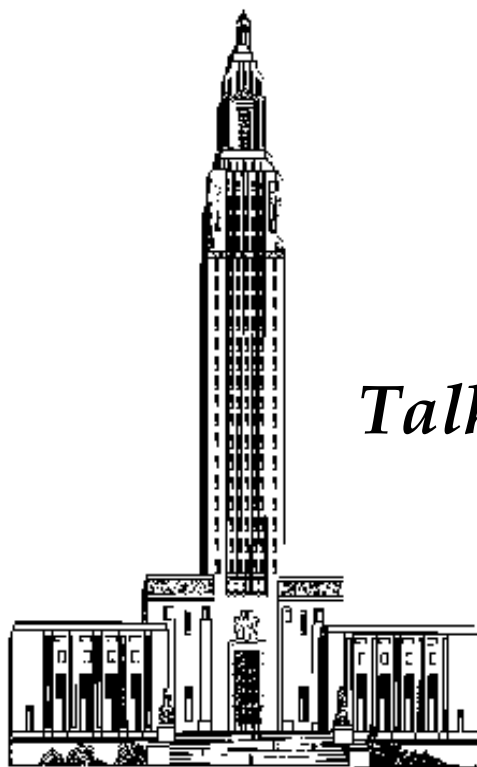


Fiscal Year 2005-2006



Fast Facts and Talking Points

Louisiana House of Representatives
Prepared by House Fiscal Division
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FAST FACTS ON 2005 BUDGET ACTIONS

OVERVIEW

CONTINUATION BUDGET FOR FY 05-06

- The first time the legislature becomes involved in the budget process is when the "continuation budget" is submitted to the Joint Legislative Committee on the Budget (JLCB).
- "Continuation budget" is defined as the funding level for each budget unit which reflects the financial resources necessary to carry on all existing programs and functions of the budget unit at their current level of service in the ensuing fiscal year including any adjustments necessary to account for the increased cost of services or materials due to inflation and estimated increases in workload requirements resulting from demographic or other changes (R.S. 39:2(11)). The continuation budget is required to be submitted to the JLCB no later than January of each year.
- The continuation budget for FY 05-06 was presented to the JLCB at its meeting on January 21, 2005. Based upon the Revenue Estimating Conference (REC) official forecast of December 15, 2004, the continuation budget presented a structural imbalance for FY 05-06 of \$686 million.

PROPOSED EXECUTIVE BUDGET FOR FY 05-06

- While the continuation budget is a valuable planning tool, it is not required to be in balance and does not reflect the governor's proposed budget for the ensuing fiscal year. The Executive Budget presents the governor's recommended complete financial plan for the ensuing fiscal year.
- The Executive Budget for FY 05-06 was submitted to the Joint Legislative Committee on the Budget on March 11, 2005. The Executive Budget was prepared using the REC official forecast of December 15, 2004. Exacerbating the problems faced by the administration in preparing the Executive Budget was the need to replace the loss of over \$580 million in federal and other one-time funds. The loss of these funds had in part caused the structural imbalance presented in the continuation budget.
- The Executive Budget as submitted had eliminated the \$686 million imbalance through a variety of means to arrive at the constitutionally mandated balanced budget.

- The submitted budget was \$18.1 billion of which some \$7.1 billion was State General Fund and \$6.4 billion was from federal funds. The budget also contained supplementary budget recommendations of \$183 million funded in three sections:
 1. Hospital provider fees for non-state, non-rural hospitals, \$75 million.
 2. Use of proceeds of 1.75% savings achieved by state departments and agencies in FY 04-05, \$48.4 million.
 3. State debt defeasance through use of one-time monies, \$59.5 million.
- The Executive Budget also did not provide funding for various "unmet needs". These unmet needs included:
 - Higher education mandated costs, \$40 million.
 - Judgments, \$15-20 million.
 - TOPS tuition match, \$3 million.
 - State Police Information Technology (AFIS and Criminal History), \$4.8 million.
 - Medicaid and Charity Hospital shortfalls, \$45-200 million.

MAY 16, 2005, MEETING OF THE REVENUE ESTIMATING CONFERENCE

- The Revenue Estimating Conference, at its meeting in May, substantially increased the forecasts for both FY 04-05 and FY 05-06.
- The official forecast for FY 04-05 increased by a net of \$192 million after considering dedications. Before reductions for dedications, the forecast increased by \$134 million in corporate taxes, \$57 million in severance taxes, \$48 million in sales taxes, and \$88 million in royalties. By contrast, individual income taxes decreased by \$1 million. This forecast reflects a \$47.42 per barrel oil price and a \$5.35 per mcf natural gas price.
- The official forecast for FY 05-06 increased by a net of \$168.6 million after dedications. Before dedications, corporate taxes increased by \$115 million, severance taxes increased by \$162 million, sales taxes increased by \$48 million, and royalties increased by \$33 million. The forecast for individual income taxes decreased by \$1 million. This forecast reflects a \$40.44 per barrel oil price and a \$5.75 per mcf natural gas price.
- The official forecast provided for additional deposits to the Budget Stabilization Fund (Stabilization Fund) of \$75 million in FY 04-05 and \$181 million in FY 05-06. Since the forecast for FY 05-06 increased over FY 04-05, monies in the Stabilization Fund were not available for use by the governor or for appropriation by the legislature.

LEGISLATIVE BUDGET ACTIONS

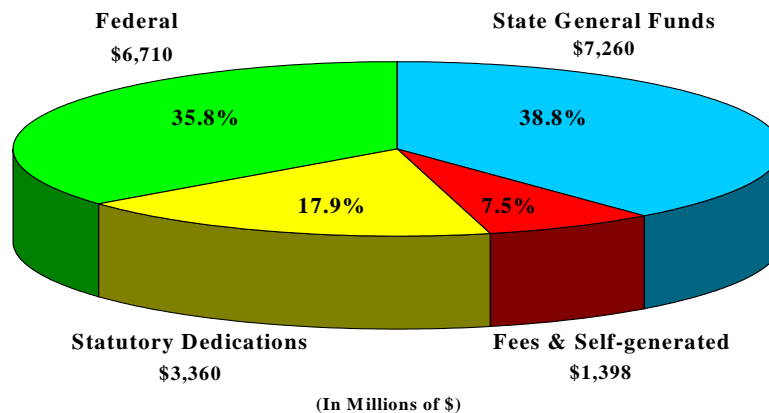
- After incorporating the additional revenue recognized by the Revenue Estimating Conference in May, the legislature restored most of the proposed reductions in the budget and proposed significant enhancements in some areas. The total budget as adopted is \$18.7 billion of which \$7.3 billion is State General Fund and \$6.7 billion is from federal funds.
- The Medicaid budget is partially funded through the hospital provider fee of \$87 million, which will provide total funding for health care of nearly \$300 million. \$1.3 million was provided for dental (EPSDT) services, \$2.6 million for 100 New Opportunities Waiver slots, and \$9.8 million for Uncompensated Care Costs for rural health clinics and rural hospitals.
- Additional funding was provided for smoking prevention programs (\$1.5 million) and developmental centers (\$3 million). Funding was added to avoid closure of many rural mental health clinics.
- LSU – HCSD hospitals were fully funded and received authority for additional Medicaid claims. Additional funding for equipment purchases was also provided (\$9 million).
- Rural and urban development funds were restored to the FY 04-05 levels.
- The governor's Rapid Response Fund was maintained at \$10 million and additional funding was provided for marketing of the state.
- The Minimum Foundation Program (MFP) was fully funded at a cost of \$2.7 billion and contains \$36 million in new funds for certificated pay raises and retirement benefits. Because many school systems did not receive new funds or sufficient funds to provide the average \$530 pay raise, the legislature appropriated \$12.5 million to the TEACH Fund so that certificated personnel in those school systems could receive a combination pay raise and/or one-time supplement of up to \$530.
- LA4 Early Childhood Program received an additional appropriation of \$20 million.
- Higher education mandated costs were fully funded. \$10 million was provided for the Higher Education Initiatives Fund. An additional \$3 million was provided for allied health and nursing classes.
- The budget as passed by the legislature is in balance and provides sufficient funding for most needs, but funding issues still remain for future fiscal years. The FY 05-06 budget was funded in part by high oil and natural gas prices, which may not continue. Much of the budget was funded by funds carried-forward from FY 04-05. Finally,

there remain the issues of pay increases for teachers, faculty, and support workers, as well as the potentially costly transition to a new health care delivery system.

FY 05-06 MEANS OF FINANCING

- The total state budget from all means of financing for FY 05-06 is \$18.7 billion of which \$7.3 billion is from the State General Fund (SGF) and \$6.7 billion is from federal funds. The SGF amount is less than the official forecast primarily because of the deposit of \$10 million in SGF into the Rapid Response Fund.

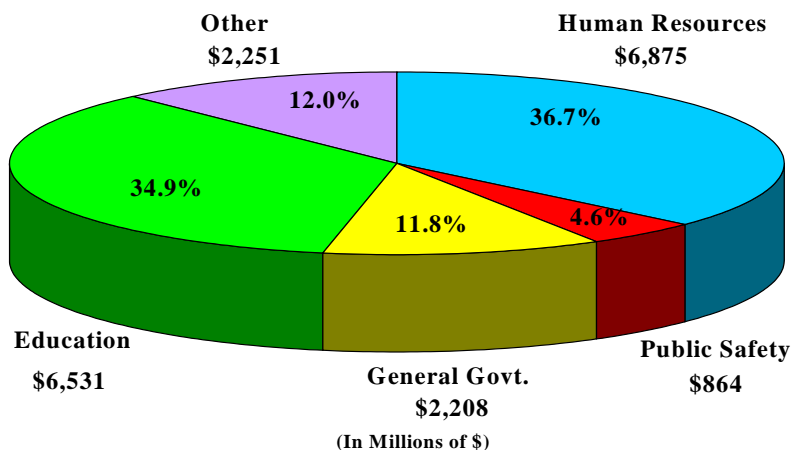
Total Means of Financing = \$18.7 Billion



FY 05-06 APPROPRIATIONS

- Total appropriations are distributed among functional areas as follows:

Total Appropriations From All MOF Total = \$18.7 Billion



Note: 'Other' includes Economic Development, Culture, Recreation and Tourism, Labor, Environmental Quality, Natural Resources, Wildlife and Fisheries, Agriculture and Forestry, Transportation and Development, and Capital Outlay. 'General Government' includes Executive, Veterans Affairs, State/Elections, Justice, Lt. Governor, Treasury, Public Service, Insurance, Revenue, Civil Service, Retirement Systems, Other Requirements, Ancillary, Non-Appropriated Requirements, Judicial Expense, Legislative Expense, and Special Acts. Percentages and amounts may not equal 100% due to rounding.

BUDGET GROWTH

- The total state budget from all means of financing (excluding double counts such as Interagency Transfers) increased from \$17.8 billion in FY 04-05 (existing operating budget as of December 2004) to \$18.7 billion for FY 05-06, an increase of \$930.5 million or 5.23%.

	FY 04-05 Budget as of December 2004	FY 05-06 Appropriated	Difference	Percent Change
	(In Millions of \$)			
STATE FUNDS				
State General Fund (Direct)	\$6,861.2	\$7,260.4	\$399.2	5.82%
Fees & Self-generated Revenue	\$1,310.5	\$1,397.8	\$87.4	6.67%
Statutory Dedications	\$3,181.0	\$3,360.4	\$179.4	5.64%
I.E.B. Appropriations	<u>\$2.7</u>	<u>\$0.0</u>	<u>(\$2.7)</u>	<u>---</u>
TOTAL STATE FUNDS	\$11,355.3	\$12,018.6	\$663.3	5.84%
FEDERAL FUNDS	<u>\$6,442.9</u>	<u>\$6,710.2</u>	<u>\$267.2</u>	<u>4.15%</u>
TOTAL STATE & FEDERAL	<u>\$17,798.2</u>	<u>\$18,728.7</u>	<u>\$930.5</u>	<u>5.23%</u>

Note: "Existing operating budget" is the amount of appropriations on July 1 adjusted for actions by the Joint Legislative Committee on the Budget (BA 7's), Interim Emergency Board, the legislature, or the governor.

- If double counted items are included, the total state budget increased from \$20.5 billion in FY 04-05 to \$21.3 billion in FY 05-06, an increase of \$728.5 million or 3.55%.

RETIREMENT

- Act 75 (HB 311 of 2005 R.S.) changed the employee contribution rate, average compensation, purchase of service credit, retirement eligibility, and disability benefits provisions for members in the Louisiana State Employees' Retirement System who are hired on or after July 1, 2006.

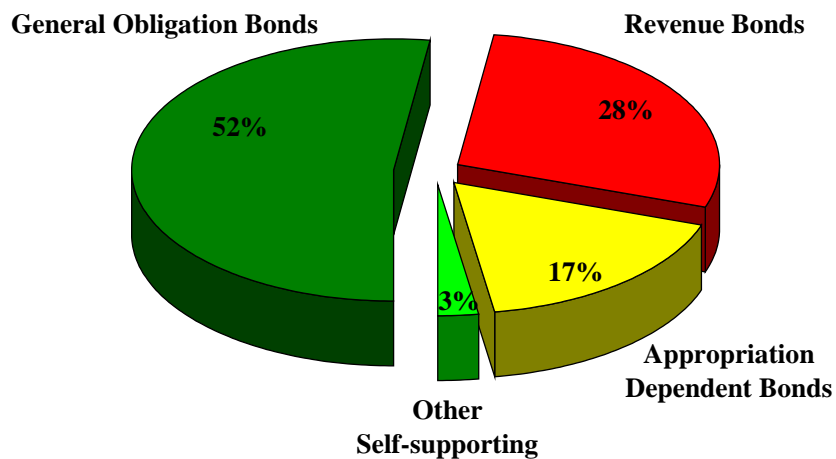
According to the legislative actuary, cost savings to the state associated with these changes to the retirement system will be approximately \$10 million over the first five years and will grow to an estimated \$62 million per year as the state employee population resembles persons hired after June 30, 2006.

STATE DEBT AND DEBT SERVICE

- In FY 03-04, the Constitutional Debt Limit requiring that debt service on Net State Tax Supported Debt be no more than 6% of tax, license, and fee revenue, became effective. The actual debt service ratio as of June 30, 2005, is calculated at 3.42%.

- Louisiana issued \$500 million in general obligation bonds and \$650 million in general obligation refunding bonds during FY 04-05. Louisiana also issued \$525 million in TIMED bonds during FY 04-05.
- Total debt service in FY 05-06 attributable to the Constitutional Debt Limit is \$307.9 million, of which \$189.3 million is for general obligation bonds or their equivalent. The state is contemplating issuing general obligation bonds in FY 05-06 in the approximate amount of \$300 million. A sale of \$300 million of state general obligation bonds and a sale of \$611 million of TIMED bonds in FY 05-06 would increase the estimated debt service ratio for FY 05-06 to 4.02%, as compared to the authorized maximum of 6%.

Sources of Outstanding Debt



SELECTED TRUST FUNDS

The state treasury contains over 300 special treasury funds. Of these, seven can be considered trust funds by virtue of restrictions on appropriations of principal and certain earnings. The balances for each trust fund as of July 1, 2005, follows. The amounts shown in parenthesis were the balances in these funds as of July 1, 2004. The balances do not include adjustments made during the fiscal year closeout and audit. The balances shown present a reasonable snapshot in time. Of significance is the fact that, unlike many states, Louisiana has over \$3 billion in trust fund balances in the treasury.

- Medicaid Trust Fund for the Elderly, \$838,325,471 (\$853,867,947).
- Budget Stabilization Fund, \$255,356,514 (\$193,574,957).
- Rockefeller Wildlife Refuge Trust and Protection Fund, \$52,158,003 (\$50,035,980).

- Louisiana Education Quality Trust Fund – Permanent Fund, \$909,677,146 (\$890,403,410).
- Health Excellence Fund, \$387,603,504 (\$372,119,404); Education Excellence Fund, \$386,862,368 (\$371,110,518); and TOPS Fund, \$385,569,651 (\$370,569,463); which comprise the Millennium Trust.

K-12 EDUCATION

- \$ 2.7 billion** Total appropriation for the Minimum Foundation Program (MFP). This is a \$48 million increase over FY 04-05 expenditures. Included in the increase is \$36 million mandated for certificated pay increases and retirement costs.
- \$ 123.6 million** Total appropriation for Tuition Opportunity Program for Students (TOPS). Included in this amount is \$1 million for the new TOPS-Tech Early Start Award for public high school juniors and seniors (Act 348 of 2005 R.S.). This is a \$5 million increase over FY 04-05 expenditures. More than 42,000 TOPS awards will be made in FY 05-06.
- \$ 55.0 million** Total appropriation for LA4 Early Childhood Program for four-year old children (SGF and TANF)
- \$ 12.5 million** 8(g) funds estimated to be spent by local school systems for the 8(g) Early Childhood Program for four-year old children
- \$ 46.6 million** K-12 Accountability Initiatives include:
- \$ 16.4 million High Stakes Remediation and Louisiana Educational Assessment Program (LEAP) 21 Tutoring (SGF)
 - \$ 2.2 million Graduation Exit Examination (GEE) 21 Summer School (SGF)
 - \$ 4.2 million Distinguished Educators (SGF)
 - \$ 16.4 million Testing (SGF)
 - \$ 4.7 million K-12 Rewards (SGF)
 - \$ 2.7 million School Accountability/Assistance, Louisiana Educational Accountability Data System (LEADS), administration
- \$ 31.1 million** Total appropriation of Millennium Trust – Tobacco Settlement Funds from the TOPS Fund (\$14.8 million) and from the Education Excellence Fund (\$16.3 million)

\$	29.7 million	Total appropriation for Nonpublic Educational Assistance (SGF and EEF)
\$	24.5 million	Funding for eight Type 2 Charter Schools (SGF)
\$	20.0 million	Act 138 (HB 842 of 2005 R.S., FY 04-05 Supplemental Appropriation Bill) – for employer retirement contributions paid by school systems, the Recovery School District, the LSU and SU Lab Schools and Type 2 Charter Schools (SGF)
\$	18.5 million	Total appropriation for Special School Districts (SGF and IAT)
\$	12.3 million	Continued funding (since FY 97-98) for the K-3 Reading and Math Initiative
\$	10.0 million	Act 138 (HB 842 of 2005 R.S., FY 04-05 Supplemental Appropriation Bill) – for Computers in the Classroom in the Classroom Technology Program (SGF)
\$	9.5 million	Total TANF appropriation for After School Education and Enhancement Program
\$	1.6 million	Total TANF appropriation for Strategies to Empower People (STEP) Program
\$	2.9 million	579 certification stipends of \$5,000 each for teachers certified by the National Board for Professional Teaching Standards (SGF)
\$	1.2 million	250 certification stipends of \$5,000 each for counselors certified by the National Board for Certified Counselors (SGF)
\$	840,000	168 stipends of \$5,000 each for school psychologists credentialed by the National School Psychology Certification Board (SGF)
\$	1.0 million	Total appropriation for Jobs for America's Graduates – Louisiana (JAG-LA) (SGF)
\$	664,473	Continued funding (since FY 01-02) for the On-Line Database Resources available to all public and nonpublic school teachers and students (SGF)
\$	468,468	Teach for America (SGF)

HIGHER EDUCATION

\$	10.0 million	Performance incentives and college growth pool (Stat. Ded.)
\$	3.0 million	Health Care Workforce Development – nursing and allied health (SGF)
\$	14.6 million	Endowed Chairs and Professorships (Stat. Ded.)
\$	4.0 million	Louisiana Optical Networks Initiative (SGF and Stat. Ded.)
\$	21.9 million	Retirement, group insurance, and merit increases for higher education (SGF)
\$	4.5 million	Truancy Assessment and Service Centers (SGF and TANF)
\$	650,000	LSU Fire and Emergency Training Institute (SGF and Stat. Ded.)
\$	750,000	LSUHSC – New Orleans for faculty recruitment (SGF)
\$	24.1 million	Additional support for LSUHSC – Shreveport (IAT)
\$	11.7 million	Additional support for E. A. Conway Medical Center (IAT)
\$	2.0 million	LSU Agricultural Center for operational expenses/vocational agricultural education (SGF)
\$	500,000	Pennington Biomedical Research Center for research and equipment (SGF)
\$	16.0 million	Library, scientific, and instructional acquisitions (SGF and Bonds)
\$	2.0 million	University of Louisiana – Monroe for School of Pharmacy (SGF)
\$	17.5 million	Tuition increase for higher education (Act 1117 of 2001 R.S.) (Fees and Self-gen.)

HEALTH AND HOSPITALS

Medicaid

\$	371.3 million	Growth in Medicaid spending for health care services, which is 7% more than health care services spending in FY 04-05
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- \$ **290.4 million** Increases to certain private provider payments. Highlights include (in millions):
- \$ 46.0 Restoration of rate reductions in nursing homes recommended in the Governor's Executive Budget
 - \$ 157.0 Increase for utilization costs
 - \$ 1.3 Increase for Dental/Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) Program
 - \$ 14.2 Additional UCC payments to rural hospitals and health clinics
 - \$ 2.6 Funding for 100 additional slots in the New Opportunities Waiver (NOW) Program
- \$ **2.7 million** Additional funding for further development and implementation of the Health Insurance Flexibility and Accountability waiver
- \$ **47.0 million** Additional funding for Medicare Buy-Ins and Supplements Program
- \$ **297.2 million** Additional funding for state services and some non-state hospitals from revenue associated with the hospital provider fee

New Orleans Home and Rehabilitation Center

- \$ **7.2 million** Restoration of funding to continue operations

Office of Public Health

- \$ **1.5 million** Additional funding for smoking and tobacco prevention activities (SGF)
- \$ **2.3 million** Additional funding and positions for personal health service programs (SGF)

Office of Mental Health

- \$ **9.5 million** Restoration of funding and positions to avoid closure of rural mental health clinics and other mental health programs throughout the state (SGF)

Office of Citizens with Developmental Disabilities

- \$ **3.0 million** Restoration of funding and positions for operation of state developmental centers

LSU – Health Care Services Division (Charity Hospitals)

Numbers below represent actual budgetary increases in means of finance from FY 04-05 to FY 05-06.

\$	50.4 million	State General Fund
\$	43.4 million	Uncompensated Care Costs (UCC)
\$	34.3 million	Medicaid funding
\$	2.5 million	L. J. Chabert Medical Center UCC
\$	9.0 million	Hospital equipment purchases (SGF)

The total budget for the LSU – Health Care Services Division (HCSD) for FY 04-05 was \$848,802,879 and the total appropriated for FY 05-06 is \$916,724,075, which represents a total increase of 8%. In State General Fund, HCSD experienced an increase of about 181%. However, it is important to note that the new State General Fund replaces monies reduced due to loss of UCC overpayments. There is a 10.7% increase in UCC payments and a 14.9% increase in Medicaid reimbursements. Allocations of new funding to HCSD hospitals will be determined and approved by the LSU Board of Supervisors at a later date.

Within the increase in UCC payments, HCSD receives \$4.2 million in federal funds to operate public clinics jointly with the city of New Orleans. New Orleans will provide the state match to receive the federal funding.

L. J. Chabert Medical Center received additional funds for FY 05-06 due to appropriation language allowing its State General Fund to be used as state match for federal dollars. Other language also allowed \$200,000 of the Rural Development Fund to be used for operating expenses of the L. J. Chabert Medical Center.

State General Fund for equipment purchases was appropriated for HCSD hospitals as well as LSU Health Sciences Center – Shreveport and E. A. Conway Medical Center.

SOCIAL SERVICES AND TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)

Social Services

\$	6.8 million	Restores 50 positions and provides additional funding for Support Enforcement Services (Federal)
\$	3.5 million	Residential care reimbursement (SGF and Federal)

\$ **198,872** Increase in collections to cover insurance premiums for blind vendors working in or retired from the Randolph-Sheppard Program (Stat. Ded.)

\$ **75,000** Safe Haven Initiative (SGF)

Temporary Assistance to Needy Families (TANF)

TANF Initiatives funding for FY 04-05 was \$57.7 million. FY 05-06 TANF Initiatives funding is \$57.5 million.

Initiatives

\$ **67.5 million** Public Pre-K (\$17 million TANF, \$38 million SGF, \$12.5 million 8(g) funds)

\$ **8.5 million** Nonpublic Pre-K

\$ **9.5 million** After-School Education/Enhancement Programs

\$ **5.5 million** Teen Pregnancy Prevention Initiatives

\$ **5.0 million** Drug Court

\$ **4.2 million** Non-medical Substance Abuse for women with minor children (SGF for maintenance of effort requirement)

\$ **3.0 million** Court Appointed Special Advocates (CASA)

\$ **2.8 million** Early Childhood Intervention Program (SGF for maintenance of effort requirement)

\$ **1.0 million** Individual Development Accounts

\$ **750,000** Micro-Enterprise Development

\$ **700,000** Truancy Program

\$ **500,000** Abortion Alternative Services

\$ **325,000** Foster Care Developmental and Socialization Activities Program

\$ **315,000** Earned Income Tax Credit Awareness Initiative

PUBLIC SAFETY AND CORRECTIONS

Corrections

\$	156.2 million	Sheriffs' housing of state inmates (SGF)
\$	1.5 million	Increased SGF to the David Wade Correctional Center for seven months of expenditures for 50 beds for geriatric inmates
\$	759,154	Increased SGF and added 11 correctional officer positions at Dixon Correctional Institute for operating costs for a 200-bed trustee dormitory

Youth Services

\$	1.3 million	Increased SGF in Contract Services to provide 20 community-based residential slots specifically directed to needs of female youth
\$	676,526	Increased SGF for increased salaries and related benefits for the reclassification of correctional officer positions to youth care worker positions
\$	899,264	Increased Statutory Dedications from the Youthful Offender Management Fund to the Contract Services Program for community-based services for juvenile offenders
\$	400,000	Increased SGF in Youth Development Administration to pay Public Safety Services for the rental of office space at the Louisiana State Police Headquarters Building

Public Safety

\$	2.9 million	Increased Statutory Dedications to State Police through Riverboat Gaming Enforcement (\$473,733) and Transportation Trust Fund (\$2,519,219) for partial financing of state police vehicles
\$	3.3 million	SGF placed in the Statutory Dedicated Criminal Identification and Information Fund within State Police from proceeds realized from the FY 04-05 savings target of 1.75%, to be used to provide DNA sampling of convicted offenders and felony arrestees
\$	2.8 million	Statutory Dedications from the Video Draw Poker Device Fund from prior year collections for acquisition of a new video poker computer monitoring system

\$ **2.8 million** Increased SGF in State Police to fund gasoline increases and to pay the debt service on the purchase of two new helicopters

\$ **411,250** Increased SGF in State Police for aviation maintenance

OTHER

'Other' includes Economic Development, Culture, Recreation and Tourism, Labor, Environmental Quality, Natural Resources, Wildlife and Fisheries, Agriculture and Forestry, Transportation and Development, and Capital Outlay.

ECONOMIC DEVELOPMENT

'Economic Development' includes the Departments of Economic Development, Culture, Recreation and Tourism, and Labor.

ECONOMIC DEVELOPMENT

\$ **10.0 million** Rapid Response Program (Stat. Ded.)

\$ **4.3 million** UNO Research and Technology-Avondale Operations (Stat. Ded.)

\$ **4.2 million** Marketing Initiative (Stat. Ded.)

\$ **3.5 million** Northrop Grumman/Avondale (Stat. Ded.)

\$ **2.8 million** Louisiana Technology Park (SGF)

\$ **2.0 million** Wet lab expenses (SGF)

\$ **1.9 million** Regional economic development entities (SGF)

\$ **1.8 million** Louisiana Gene Therapy Consortium (SGF)

\$ **1.0 million** Union Tank Car (SGF)

\$ **600,000** Small Business Development Centers (SGF)

\$ **400,000** National Center for Security Research and Training (SGF)

State General Fund for the following events:

\$ **1.0 million** Sugar Bowl

\$ **359,000** Independence Bowl

\$ 335,000 New Orleans Bowl

Capital outlay funding for the following:

\$ 25.5 million Acadiana Immersion Technology Center

\$ 20.5 million Wet labs

\$ 19.2 million Louisiana Gene Therapy Research Consortium

\$ 9.3 million Economic Development Awards Program (EDAP)

CULTURE, RECREATION AND TOURISM

\$ 1.9 million Louisiana Library Connection (SGF)

\$ 1.5 million State Aid to Local Libraries (SGF)

\$ 640,000 Louisiana Research Center for Educators (SGF)

\$ 900,000 Enhancements to Fontainebleau State Park and Poverty Point Reservoir State Park for new cabins and camping areas (SGF)

\$ 800,000 Addition of Hodges Gardens to the state park system (SGF)

\$ 1.1 million Capitol Park Museum (SGF)

\$ 4.7 million Funding for Arts Grants program (\$4.1 million in SGF and \$600,000 in federal funds)

\$ 34.0 million Capital outlay funding for museums (Culture, Recreation and Tourism and Secretary of State)

\$ 92.2 million Capital outlay funding for state parks and historic sites

ENVIRONMENT AND NATURAL RESOURCES

'Environment and Natural Resources' includes the Departments of Environmental Quality, Natural Resources, Wildlife and Fisheries, and Agriculture and Forestry.

ENVIRONMENTAL QUALITY

\$ 500,000 Brownfields Cleanup Revolving Loan Fund (Federal)

NATURAL RESOURCES

\$ 22.5 million Capital outlay funding for Atchafalaya Basin projects

WILDLIFE AND FISHERIES

\$ 10.0 million Capital outlay funding for wildlife land acquisition

AGRICULTURE AND FORESTRY

\$ 23.9 million Boll Weevil Eradication Program (Stat. Ded.)

\$ 243,145 Formosan Termite Initiative (SGF)

INFRASTRUCTURE

'Infrastructure' includes the Department of Transportation and Development and Capital Outlay.

TRANSPORTATION

Transportation funding at the state level is primarily financed by taxes on gasoline and special fuels and vehicle licenses. Total transportation spending is little changed for FY 05-06. However, as part of a reorganization plan to consolidate functional areas and facilitate shorter communication lines between supervisors and administration, the FY 05-06 operating budget has moved 216 positions from the Office of Highways and the Office of Planning and Programming to the Operations Program and to Administration. The Operations Program is responsible for the field activities of the department. Administration is made up of the Office of the Secretary and the Office of Management and Finance. Another part of the department's reorganization plan is to reduce staff level by 425 positions by December 2007. The staff level authorized for FY 05-06 is 5,154.

Other notable spending amounts include:

\$ 1.0 million Appropriated as pass-through funding for local public works authorities (SGF)

\$ 1,360.0 million DOTD's portion of Act 26 (HB 2 of 2005 R.S.) has authorized funding of capital projects through statewide priority programs and other capital outlay appropriations in FY 05-06

CAPITAL OUTLAY

The total Capital Outlay Program for FY 05-06 is \$4.5 billion. 30% is allocated for DOTD projects for highways, ports, airports, and flood control, 15.2% for educational institutions (99.6% of the education amount is for higher education), 31.1% for other state projects including LA Health Sciences Center – Health Care Services Division, and

23.7% for non-state projects including ports, levee districts, parishes, municipalities, and other non-state entities, financed as follows:

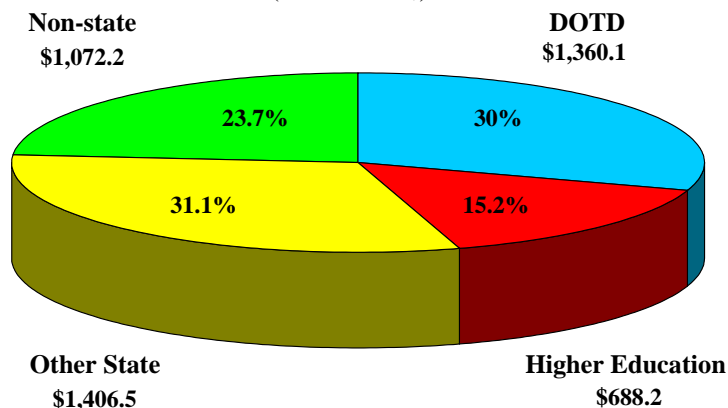
\$ 13.0 million	State General Fund – Direct
46.0 million	Miscellaneous federal funds
566.3 million	Federal Transportation Trust Fund
229.7 million	Transportation Trust Fund and TIMED Cash
133.0 million	Other Statutory Dedications, Fees and Self-generated Revenue, Reappropriated Cash
1,065.2 million	Revenue Bonds
13.1 million	Interagency Transfers
<u>\$ 2,066.3 million</u>	<u>Total Cash</u>
\$ 890.1 million	Priorities 1 and 2
664.6 million	Priorities 3 and 4
902.4 million	Priority 5
<u>\$ 2,457.1 million</u>	<u>Total Bonds</u>
\$ 3.6 million	NRP (bonds "not requiring a priority" – allocation of surplus proceeds from previously sold bonds)
<u>\$ 4,527.0 million</u>	<u>Grand Total</u>

The following amounts and percentages apply to "authorized" funding. The "actual" amounts and percentages will depend on which General Obligation Bond projects actually receive lines of credit and will depend on which Revenue Bond projects actually proceed to bond sales. General Obligation Bonds Priority 2 has \$256 million authorized, but only \$80 million is available for Priority 2 lines of credit.

Capital Outlay by Expenditure Area

Total = \$4,527.0

(In Millions of \$)



GENERAL GOVERNMENT

'General Government' includes Executive, Veterans Affairs, State/Elections, Justice, Lieutenant Governor, Treasury, Public Service, Insurance, Revenue, Civil Service, Retirement Systems, Other Requirements, Ancillary, Non-Appropriated Requirements, Judicial Expense, Legislative Expense, and Special Acts.

EXECUTIVE

\$	8.5 million	Office of Urban Affairs and Development (SGF)
\$	7.6 million	Office of Rural Development through the Rural Development Fund (SGF)
\$	1.0 million	Additional SGF for the Louisiana Indigent Defense Assistance Board
\$	5.0 million	Statutory Dedications from the 2004 Overcollections Fund for the compromise or settlement of the claim against the state in the suit entitled "Gordean Adella Wingfield, et al. v. State of Louisiana, et al."
\$	500,000	Emergency Preparedness Program for the Southern Anti-Terrorist Regional Training Academy (SGF)
\$	300,000	Various children's programs and domestic violence programs throughout the state (SGF)
\$	1,364,500	Various senior centers and other programs for the elderly (SGF)

SECRETARY OF STATE

\$	48.4 million	Federal funding for election reform costs from the Help America Vote Act
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JUSTICE

\$	1.9 million	Increased IAT funding for expansion of the New Orleans and Shreveport offices of the Risk Management Litigation Program
\$	1.6 million	Increased federal funds for expansion of the Medicaid Fraud Control Unit
\$	460,000	Increased SGF for support of civil legal fees for the poor
\$	422,916	Increased SGF for enhancement of the attorney salary pay scale

TALKING POINTS ON 2005 BUDGET ACTIONS

BUDGET SUMMARY

CONTINUATION BUDGET FOR FY 05-06

The first time the legislature becomes involved in the budget process is when the "continuation budget" is submitted to the Joint Legislative Committee on the Budget (JLCB).

"Continuation budget" is defined as the funding level for each budget unit which reflects the financial resources necessary to carry on all existing programs and functions of the budget unit at their current level of service in the ensuing fiscal year including any adjustments necessary to account for the increased cost of services or materials due to inflation and estimated increases in workload requirements resulting from demographic or other changes (R.S. 39:2(11)). The continuation budget is required to be submitted to the JLCB no later than January of each year.

The continuation budget for FY 05-06 was presented to the Joint Legislative Committee on the Budget at its meeting on January 21, 2005. Based upon the Revenue Estimating Conference (REC) official forecast of December 15, 2004, the continuation budget presented a structural imbalance for FY 05-06 of \$686 million.

PROPOSED EXECUTIVE BUDGET FOR FY 05-06

While the continuation budget is valuable for use as a long-term budgetary planning tool, it is not required to be in balance and does not reflect the governor's proposed budget for the ensuing fiscal year. The Executive Budget presents the governor's recommended complete financial plan for the ensuing fiscal year.

The Executive Budget for FY 05-06 was submitted to the Joint Legislative Committee on the Budget on March 11, 2005. The governor's Executive Budget, while presenting her financial plan, was bound by the December 15, 2004, official forecast of the REC. The problems faced by the administration in preparing the Executive Budget were exacerbated by the need to replace the loss of over \$580 million in federal and other one-time funds. The loss of these funds had in part caused the structural imbalance presented in the continuation budget.

The Executive Budget as submitted had eliminated the \$686 million imbalance through a variety of means to arrive at the constitutionally mandated balanced budget.

The submitted budget was \$18.1 billion of which some \$7.1 billion was State General Fund and \$6.4 billion was from federal funds. The budget also contained supplementary budget recommendations of \$183 million funded in three sections:

1. Hospital provider fees for non-state, non-rural hospitals, \$75 million.
2. Use of proceeds of 1.75% savings achieved by state departments and agencies in FY 04-05, \$48.4 million.
3. State debt defeasance through use of one-time monies, \$59.5 million.

The Executive Budget also did not provide funding for various "unmet needs". These unmet needs included:

- Higher education mandated costs, \$40 million.
- Judgments, \$15-20 million.
- TOPS tuition match, \$3 million.
- State Police Information Technology (AFIS and Criminal History), \$4.8 million.
- Medicaid and Charity Hospital shortfalls, \$45-200 million.

MAY 16, 2005, MEETING OF THE REVENUE ESTIMATING CONFERENCE

The Revenue Estimating Conference at its meeting in May substantially increased the forecasts for both FY 04-05 and FY 05-06. (*Note: These forecasts are presented in their entirety on pages 97-103.*)

The official forecast for FY 04-05 increased by a net of \$192 million after considering dedications. Before reductions for dedications, the forecast increased by \$134 million in corporate taxes, \$57 million in severance taxes, \$48 million in sales taxes, and \$88 million in royalties. By contrast, individual income taxes decreased by \$1 million. This forecast reflects a \$47.42 per barrel oil price and a \$5.35 per mcf natural gas price.

The official forecast for FY 05-06 increased by a net of \$168.6 million after dedications. Before dedications, corporate taxes increased by \$115 million, severance taxes increased by \$162 million, sales taxes increased by \$48 million, and royalties increased by \$33 million. The forecast for individual income taxes decreased by \$1 million. This forecast reflects a \$40.44 per barrel oil price and a \$5.75 per mcf natural gas price.

The official forecast provided for additional deposits to the Budget Stabilization Fund (Stabilization Fund) of \$75 million in FY 04-05 and \$181 million in FY 05-06. Since the forecast for FY 05-06 increased over FY 04-05, monies in the Stabilization Fund were not available for use by the governor or for appropriation by the legislature.

LEGISLATIVE BUDGET ACTIONS

After incorporating the additional revenue recognized by the Revenue Estimating Conference in May, the legislature restored most of the proposed reductions in the budget and proposed significant enhancements in some areas. The total budget as adopted is \$18.7 billion of which \$7.3 billion is State General Fund and \$6.7 billion is from federal funds.

The Medicaid budget is partially funded through the hospital provider fee of \$87 million which will provide total funding for health care of nearly \$300 million. \$1.3 million was provided for dental (EPSDT) services, \$2.6 million for 100 New Opportunities Waiver slots and \$9.8 million for Uncompensated Care Costs for rural health clinics and rural hospitals.

Additional funding was provided for smoking prevention programs (\$1.5 million) and developmental centers (\$3 million). Funding was added to avoid closure of many rural mental health clinics.

LSU – HCSD hospitals were fully funded and received authority for additional Medicaid claims. Additional funding for equipment purchases was also provided (\$9 million).

Rural and urban development funds were restored to the FY 04-05 levels.

The governor's Rapid Response Fund was maintained at \$10 million and additional funding was provided for marketing of the state.

The Minimum Foundation Program (MFP) was fully funded at a cost of \$2.7 billion and contains \$36 million in new funds for certificated pay raises and retirement benefits. Because many school systems did not receive new funds or sufficient funds to provide the average \$530 pay raise, the legislature appropriated \$12.5 million to the TEACH Fund so that certificated personnel in those school systems could receive a combination pay raise and/or one-time supplement of up to \$530.

LA4 Early Childhood Program received an additional appropriation of \$20 million.

Higher education mandated costs were fully funded. \$10 million was provided for the Higher Education Initiatives Fund. An additional \$3 million was provided for allied health and nursing classes.

The budget as passed by the legislature is in balance and provides sufficient funding for most needs, but funding issues still remain for future fiscal years. The FY 05-06 budget was funded in part by high oil and natural gas prices which may not continue. Much of the budget was funded by funds carried-forward from FY 04-05. Finally, there remain the issues of pay increases for teachers, faculty, and support workers, as well as the potentially costly transition to a new health care delivery system. The adopted budget also did not address the shortfall in funds available to the Louisiana Stadium and

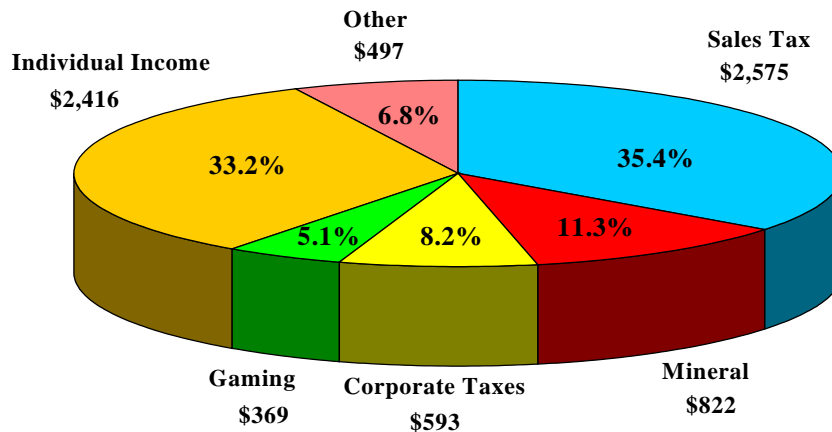
Exposition District relative to its contractual obligations to the New Orleans Saints. The July payment was made by the district from the proceeds of a short-term loan.

FY 05-06 STATE GENERAL FUND REVENUE

State General Fund Revenue Sources

Total = \$7,272

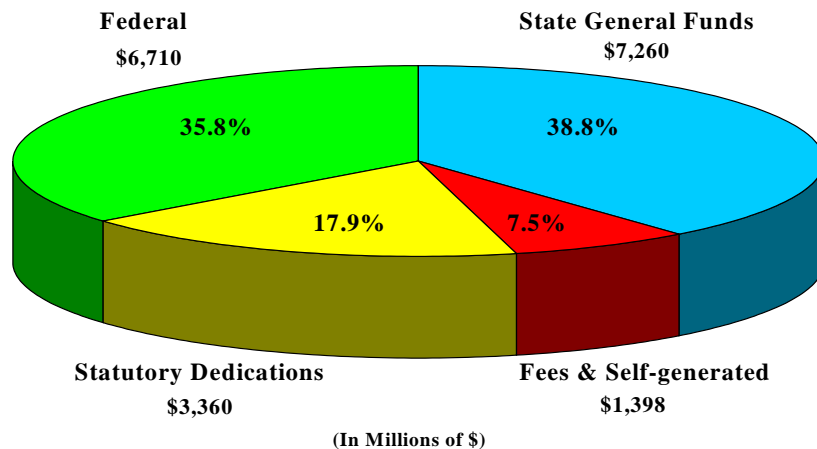
(In Millions of \$)



FY 05-06 MEANS OF FINANCING

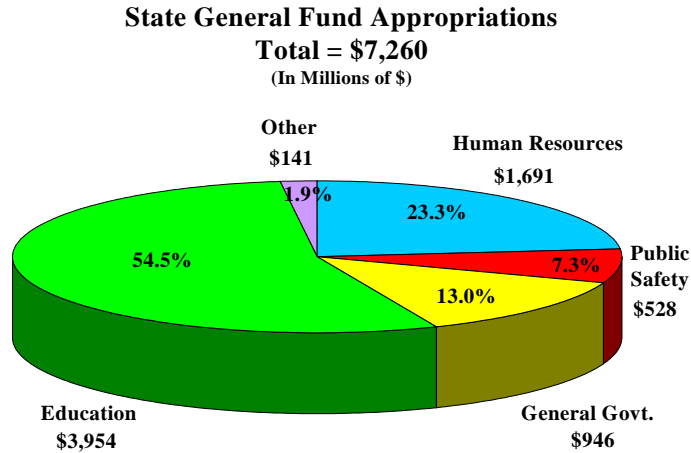
The total state budget from all means of financing for FY 05-06 is \$18.7 billion of which \$7.3 billion is from the State General Fund (SGF) and \$6.7 billion is from federal funds. The SGF amount is less than the official forecast primarily because of the deposit of \$10 million in SGF into the Rapid Response Fund.

Total Means of Financing = \$18.7 Billion



FY 05-06 APPROPRIATIONS

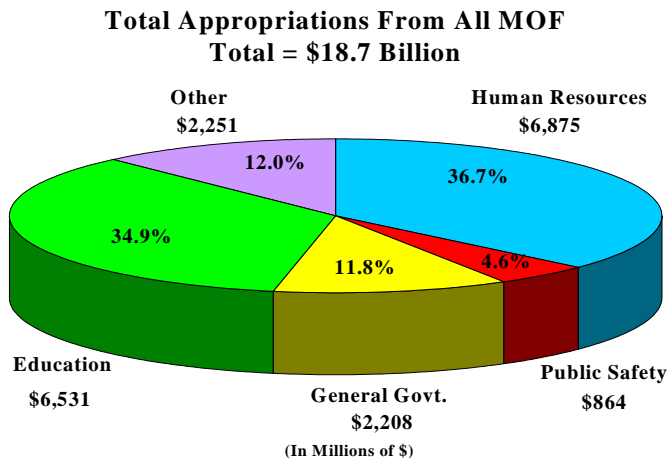
The following chart displays State General Fund appropriations of \$7.3 billion for FY 05-06 by major functional areas of state government spending.



Note: 'Other' includes Economic Development, Culture, Recreation and Tourism, Labor, Environmental Quality, Natural Resources, Wildlife and Fisheries, Agriculture and Forestry, Transportation and Development, and Capital Outlay. 'General Government' includes Executive, Veterans Affairs, State/Elections, Justice, Lt. Governor, Treasury, Public Service, Insurance, Revenue, Civil Service, Retirement Systems, Other Requirements, Ancillary, Non-Appropriated Requirements, Judicial Expense, Legislative Expense, and Special Acts. Percentages and amounts may not equal 100% due to rounding.

Of the SGF appropriated for education, \$2.5 billion is for the Minimum Foundation Program (MFP) and \$1.1 billion is for higher education. In addition to the SGF appropriated for the MFP, lottery proceeds (\$110 million) and Support Education in Louisiana First (SELF) Fund (\$104 million) are also appropriated in FY 05-06 for the MFP.

The distribution of appropriation among functional areas of state government changes when all means of financing are included as shown in the chart below. Total appropriations of \$18.7 billion are distributed as follows:



Note: 'Other' includes Economic Development, Culture, Recreation and Tourism, Labor, Environmental Quality, Natural Resources, Wildlife and Fisheries, Agriculture and Forestry, Transportation and Development, and Capital Outlay. 'General Government' includes Executive, Veterans Affairs, State/Elections, Justice, Lt. Governor, Treasury, Public Service, Insurance, Revenue, Civil Service, Retirement Systems, Other Requirements, Ancillary, Non-Appropriated Requirements, Judicial Expense, Legislative Expense, and Special Acts. Percentages and amounts may not equal 100% due to rounding.

includes Executive, Veterans Affairs, State/Elections, Justice, Lt. Governor, Treasury, Public Service, Insurance, Revenue, Civil Service, Retirement Systems, Other Requirements, Ancillary, Non-Appropriated Requirements, Judicial Expense, Legislative Expense, and Special Acts. Percentages and amounts may not equal 100% due to rounding.

BUDGET GROWTH

The total state budget from all means of financing (excluding double counts such as Interagency Transfers) increased from \$17.8 billion in FY 04-05 to \$18.7 billion for FY 05-06, an increase of \$930.5 million or 5.23%. This comparison is based upon the existing operating budget for FY 04-05 compared to the appropriated amounts for FY 05-06, after vetoes.

	FY 04-05 Budget as of December 2004	FY 05-06 Appropriated	Difference	Percent Change
	(In Millions of \$)			
STATE FUNDS				
State General Fund (Direct)	\$6,861.2	\$7,260.4	\$399.2	5.82%
Fees & Self-generated Revenue	\$1,310.5	\$1,397.8	\$87.4	6.67%
Statutory Dedications	\$3,181.0	\$3,360.4	\$179.4	5.64%
I.E.B. Appropriations	<u>\$2.7</u>	<u>\$0.0</u>	<u>(\$2.7)</u>	<u>---</u>
TOTAL STATE FUNDS	\$11,355.3	\$12,018.6	\$663.3	5.84%
FEDERAL FUNDS	<u>\$6,442.9</u>	<u>\$6,710.2</u>	<u>\$267.2</u>	<u>4.15%</u>
TOTAL STATE & FEDERAL	<u>\$17,798.2</u>	<u>\$18,728.7</u>	<u>\$930.5</u>	<u>5.23%</u>
Positions	46,802	46,595	(207)	(0.44%)

Note: "Existing operating budget" is the amount of appropriations on July 1 adjusted for actions by the Joint Legislative Committee on the Budget (BA 7's), the Interim Emergency Board, the legislature, or the governor.

Note: Positions are authorized, not filled positions.

If double counted items are included, the total state budget increased from \$20.5 billion in FY 04-05 to \$21.3 billion in FY 05-06, an increase of \$728.5 million or 3.55%.

It should be noted that budgeted and actual numbers are a reflection of the state budget as of a particular point in time (snapshot in time). Comparisons from one point in time to another, as well as budgetary comparisons in general, are subject to much footnoting and to many caveats and consequently much difference of opinion in interpretation. The comparison of total state budget in this publication is generally presented on the basis of the FY 04-05 existing operating budget to the FY 05-06 enacted level (appropriated after vetoes).

If instead of this analysis of existing operation to enacted level, the analysis is focused solely on appropriated levels, the past six fiscal years would reflect growth in total means of finance as follows:

	Total MOF	% Increase
FY 05-06	\$18.7 billion	6.25%
FY 04-05	\$17.6 billion	4.76%
FY 03-04	\$16.8 billion	3.68%
FY 02-03	\$16.3 billion	6.54%
FY 01-02	\$15.3 billion	10.07%
FY 00-01	\$13.9 billion	1.45%

Comparing the first two years of Governor Foster's second term to the first two years of Governor Blanco's term shows an average percentage increase of 5.77% for Governor Foster compared to 5.5% for Governor Blanco. While such comparisons may have some limited value, the analysis should be focused on the factors which led to these growth levels and on whether the mix and level of the underlying appropriations are appropriate for Louisiana.

RETIREMENT

Act 75 (HB 311 of 2005 R.S.) changed the following retirement provisions for members in the Louisiana State Employees' Retirement System who are hired on or after July 1, 2006.

- **Employee Contribution Rate**
New law sets the employee retirement contribution rate for persons hired on or after July 1, 2006, at 8.0% of pay as compared to 7.5% of pay for persons hired on or before June 30, 2006.
- **Average Compensation**
For persons hired on or before June 30, 2006, average compensation for purposes of computing retirement benefits is based on the 36 highest successive months of employment. For persons hired on or after July 1, 2006, the average compensation shall be based on the 60 highest months of successive employment.

The Act also lowers the caps on increases in earnings (i.e. lowers the anti-spiking threshold) to be used in the computation of average compensation for persons hired on or after July 1, 2006.

- **Retirement Eligibility**
Members who are hired on or before June 30, 2006, may retire with 30 or more years of service at any age, with 25 or more years of service at age 55 or thereafter, with ten or more years of service at age 60 or thereafter, or with 20 or more years of service, exclusive of military service and unused annual and sick leave, at any age with an actuarial benefit reduction. Any member who elects to retire under this 20 year at any age option is not eligible to participate in the Deferred Retirement Option Plan or the Initial Benefit Option.

New law provides that any person hired on or after July 1, 2006, shall be eligible for retirement with ten years or more of service at age 60 or thereafter.

- **Disability Benefits**
Members hired on or before June 30, 2006, and members who are at least 60 years old regardless of hire date shall receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Members hired on or after July 1, 2006, shall receive a disability benefit equal to 1.8% of average compensation for every year of creditable service. When the disability retiree attains the age of 60, that person shall receive his regular retirement benefit upon making application to the board.

According to the legislative actuary, cost savings to the state associated with these changes to the retirement system will be approximately \$10 million over the first five years and will grow to an estimated \$62 million per year as the state employee population resembles persons hired after June 30, 2006.

Act 75 (HB 311 of 2005 R.S.) also changed the law regarding the purchase of service credit. Prior law allowed members with at least one year of service credit to purchase up to five years of service credit, which could be applied to make the person eligible for retirement. The new law retains prior law for members who applied to purchase service credit on or before June 30, 2005, and who purchase the service credit by June 30, 2006. All other employees must have at least five years of service credit in the system prior to such purchase and such purchased service credit may only be used for the calculation of benefits and not for eligibility purposes.

STATE DEBT AND DEBT SERVICE

Constitutional Debt Limit

FY 03-04 was the ten-year anniversary of the Constitutional Debt Limit. In FY 03-04 and thereafter, debt service on Net State Tax Supported Debt (NSTSD) shall not exceed 6% of total tax, license, and fee revenue projected by the Revenue Estimating Conference. After ten years of actions to reduce outstanding debt, the state is well within this limit. State Bond Commission data shows that for outstanding bonds, the ratio was 3.42% as of June 30, 2005. The state is contemplating issuing general obligation bonds and TIMED bonds in FY 05-06. If the state issues \$300 million of general obligation bonds and \$611 million of TIMED bonds in the first or second quarter of FY 05-06, the debt limit ratio is estimated to be 4.02% in FY 05-06, as compared to the constitutional maximum of 6%. State Bond Commission projection models indicate that the state may issue \$300 million of general obligation bonds and \$611 million of TIMED bonds in FY 05-06 and \$300 million of general obligation bonds each year thereafter and remain within the Constitutional Debt Limit.

Total Outstanding Debt

Total principal and interest on NSTSD has fallen from \$6.5 billion in 1993 to \$5.808 billion as of June 30, 2005, including the effects of the \$650 million general obligation refunding bonds in January 2005 and the \$64.6 million general obligation defeasance in June 2005. This reduction reflects three efforts:

1. Consistent efforts to limit the projects, which may be funded through cash lines of credit or general obligation bonds, each fiscal year through the imposition by the

legislature of a self-imposed cap in the annual Capital Outlay Act. This self-imposed limit, which has been in effect at least ten years, was initially \$200 million per year; however, the limit has been periodically adjusted for inflation and other factors and for FY 05-06 is \$313 million. As the state has not issued general obligation bonds each year since FY 95-96, the cumulative amount of the legislative limit as contained in the FY 05-06 Capital Outlay Act is \$714.5 million.

2. Consistent efforts to limit the number of bond sales.
3. The state has caused several advance payoffs of bonds, including the unemployment debt of \$830 million (1993), the Louisiana Recovery District bonds (1996), and several general obligation defeasance plans.

Of the \$5.808 billion principal and interest outstanding debt, \$3.037 billion is for general obligation bonds or their equivalent. The remainder is composed as follows: Revenue Bonds (including TIMED bonds), \$1.625 billion; appropriation dependency debt (including Office Facilities Corporation Bonds, LCDA Bossier Parish Community College Bonds, and LCDA Baton Rouge Community College Bonds), \$997.1 million; and other self-supporting debt (including the Crescent City Connection), \$149.6 million.

Defeasance of Bonds

At the end of FY 04-05, the legislature adopted a debt defeasance plan that provided \$64.6 million for advance payment of general obligation bonds over the following year. These payments reduced principal and interest in the amount of \$66.1 million.

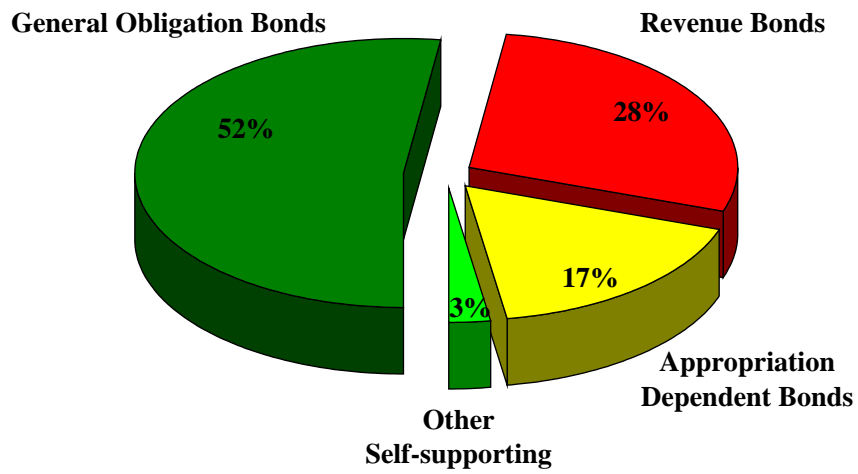
Debt Service Cost

Total debt service in FY 04-05 attributable to NSTSD was \$331.7 million. Total debt service in FY 05-06 attributable to the Constitutional Debt Limit is \$307.9 million, of which \$189.3 million is for outstanding general obligation debt or its equivalent. The increase in debt service from FY 04-05 to FY 05-06 may be attributable to the issuance of \$500 million in general obligation debt in October 2004, the impact of a \$625 million general obligation refunding bond issue in January 2005, and the issuance of \$525 million in TIMED bonds in March 2005.

Bond Sales

The state issued \$500 million in general obligation bonds and \$650 million in general obligation refunding bonds during FY 04-05. Louisiana also issued \$525 million in TIMED Bonds during FY 04-05. Although the 2005 Capital Outlay Act allows the state to issue general obligation bonds up to a principal amount of \$714,475,000 for FY 05-06, the preliminary State Bond Commission report on NSTSD anticipates a general obligation bond sale of not more than \$300 million and a TIMED bond sale of not more than \$611 million in FY 05-06.

Sources of Outstanding Debt



SELECTED TRUST FUNDS

The state treasury contains over 300 special treasury funds. Of these, seven can be considered trust funds by virtue of restrictions on appropriations of principal and certain earnings. The balances for each trust fund as of July 1, 2005, follows. The amounts shown in parenthesis were the balances in these funds as of July 1, 2004. The balances do not include adjustments made during the fiscal year closeout and audit. The balances shown present a reasonable snapshot in time. Of significance is the fact that, unlike many states, Louisiana has over \$3 billion in trust fund balances in the treasury.

- The **Medicaid Trust Fund for the Elderly** is established pursuant to R.S. 46:2685 to maintain in a permanent trust a portion of state revenue received under Louisiana's Medicaid intergovernmental transfer program. The appropriation of fund principal is restricted to: rebasing of nursing home provider payment rates, development and funding of a case mix reimbursement system for nursing homes, payments to local governments for their participation in the program, and reimbursement to the Department of Health and Hospitals for costs of the program. Investment earnings on the fund may be appropriated for support of the state Medicaid Program. The fund balance on July 1, 2005, was \$838,325,471 (\$853,867,947).
- The **Budget Stabilization Fund** is established pursuant to Const. Art. VII, §10.3 and R.S. 39:94 to maintain a trust fund available for use in addressing projected budget deficits. The sources of money for this fund include budget surpluses, certain state mineral revenue in excess of \$850 million annually, one quarter of all monies designated nonrecurring in an official forecast, and any other monies appropriated to the fund by the legislature. The appropriation of monies from the fund is limited to one-third of the fund and may only be used to address a projected deficit either in the current budget year or the ensuing budget year. The fund balance on July 1, 2005, was \$255,356,514 (193,574,957).
- The **Rockefeller Wildlife Refuge Trust and Protection Fund** is established under R.S. 56:797 to provide a permanent source of funding for various wildlife protection and enhancement purposes. 5% of annual state mineral related revenue generated from lands within the Rockefeller Foundation Wildlife Refuge and Game Preserve are deposited into the fund; however, in years where mineral revenue and interest earnings exceed \$10 million dollars, 25% of the annual revenue and earnings are to be deposited into the fund. Appropriations are restricted to earnings on investment of the fund and are limited to wildlife related purposes. The fund balance on July 1, 2005, was \$52,158,003 (\$50,035,980).
- The **Louisiana Education Quality Trust Fund – Permanent Fund** is established under Const. Art. VII, §10.1(A)(1) and R.S. 17:3801, et seq., to provide a permanent source of funding for a variety of educational purposes. The source of money for the trust consists of an initial deposit, plus 25% of the recurring state revenue, of monies

received from the federal government related to mineral leasing activity on the Outer Continental Shelf, plus 25% of the interest and dividend income on investment of the trust, and 75% of the realized capital gains on investment of the trust. No appropriations may be made from the Permanent Fund. Appropriations are made from the Louisiana Quality Education Support Fund, which receives the residual portions of investment earnings on the trust, plus 75% of recurring state revenue related to mineral leasing activity on the Outer Continental Shelf. Monies are appropriated to the State Board of Elementary and Secondary Education and the Board of Regents for support of qualitative improvements in education. Once the balance in the Permanent Fund reaches \$2 billion, all interest earnings on the trust shall be credited to the Support Fund, and all recurring state revenue related to mineral leasing activity on the Outer Continental Shelf shall be deposited in the State General Fund. The Permanent Fund balance on July 1, 2005, was \$909,677,146 (\$890,403,410).

- The **Health Excellence Fund**, the **Education Excellence Fund**, and the **TOPS Fund** comprise the **Millennium Trust**, which is established under Const. Art. VII, §10.8 and R.S. 39:98.1, et seq., to provide a source of permanent funding for health care, K-12 educational enhancements, and support of the TOPS Program of tuition assistance for college students. State revenue received under the "Master Settlement Agreement", wherein Louisiana resolved its litigation against tobacco manufacturers, were the source of initial funding for these three funds, each receiving one-third of the proceeds. Earnings from dividend, interest, and capital gains on investment of the trust are also deposited into the funds, one-third each. Appropriations from the three funds are limited to an annual amount not to exceed the estimated aggregate annual investment earnings on investment of the trust as recognized by the Revenue Estimating Conference.
 - Appropriations from the **Health Excellence Fund** are limited to support of children's health care, advanced health care science, and comprehensive disease management services. The fund balance on July 1, 2005, was \$387,603,504 (\$372,119,404).
 - Appropriations from the **Education Excellence Fund** are limited to support of Pre-K through 12th Grade instruction enhancements for students in private and public elementary and secondary schools. The fund balance on July 1, 2005, was \$386,862,368 (\$371,110,518).
 - Appropriations from the **TOPS Fund** are limited to support of state programs for financial assistance for students attending Louisiana colleges and universities. The fund balance on July 1, 2005, was \$385,569,651 (\$370,569,463).

LEGISLATION OF FISCAL INTEREST

Regular Session, 2005

- **Special Taxes**

HB 437

Would have increased the excise tax on cigarettes by \$1 a pack. This bill would have been the source of funding for the governor's pay raise plan for teachers.

Act 182, HB 887

Levies a 1.5% fee on net patient revenue reported by "hospitals" licensed by the state in the hospital's "base year Medicare cost report." The amount of fees collected in a fiscal year is limited to \$90 million. Exempted from the term "hospital" are:

- (1) All hospitals owned by the state, the United States or any agency or department thereof.
- (2) Rural hospitals as defined in R.S. 40:1300.143.
- (3) Hospitals certified by Medicare as separately licensed long-term acute care, rehabilitation, or psychiatric hospitals.

"Base year Medicare cost report" is defined as the hospital's Medicare cost report filed for the full cost report year beginning in the Federal Fiscal Year 2001 (October 2000 through September 2001) or the hospital's first full year Medicare cost report filed subsequent to that period. If the hospital does not have a "base year Medicare cost report" an "interim fee" of \$50,000 per calendar quarter is due until such a report is filed. Thereafter, an amended report is filed and the hospital pays an additional fee or is refunded an overpayment. Hospitals are prohibited from passing on the cost of this fee or including the fee as an itemized and separately listed amount on any statement, and requires any bill to contain a statement that the costs have not been passed on.

- **Ad Valorem Taxes**

Act 511, SB 89 (Constitutional Amendment)

Provides for a "special assessment level" for people with a service-connected disability rating of 50% or more by the U. S. Dept. of Veterans Affairs; members of the armed forces who are killed in action or who are missing in action, or are a prisoner of war for more than 90 days; any person who has been determined to be permanently totally disabled by a court or state or federal administrative agency. Retains the special assessment level for persons over age 65.

HB 573

Would have provided a "special assessment level" for homestead exempt property owned by an honorably discharged veteran with a service-connected total and permanent disability by the U. S. Dept. of Veterans Affairs.

- **Economic Development**

Act 400, HB 627

Establishes the Angel Investor Tax Credit Program and provides for the implementation and administration of the program by the Dept. of Economic Development (DED). Provides that qualifying individuals or entities which invest in "Louisiana Entrepreneurial Businesses" (a business which is domiciled in the state, employs 50 or fewer full-time employees, and either has gross annual sales of less than \$10 million or has a business net worth of less than \$2 million) may earn credits against any income or franchise tax liability. Authorizes credits to be granted for five tax years. Authorizes credits for investments of at least \$50,000 and not more than \$1 million per year per business and not to exceed \$2 million per business. Provides that the credits are equal to 50% of the amount of money invested, divided in equal portions over five years. Provides that total credits granted by DED may not exceed \$5 million in any calendar year.

Act 485, HB 631

Grants a sound recording investor tax credit against individual and corporate income tax for investments made in "state-certified productions" which is a "sound recording production" by a "sound recording production company" approved by the Louisiana Music Commission and the Dept. of Economic Development (DED). The investor earns the following credit at the time of the investment: If the total "base investment" is greater than \$15,000 and less than or equal to \$150,000, each taxpayer is allowed a tax credit of 10% of the actual investment made by that investor; if greater than \$150,000 and less than or equal to \$1,000,000, 15%; if greater than \$1,000,000, 20%.

"Base investment" is defined as the actual investment made and expended by a state-certified production in the state as production-related costs. Tax credits can never exceed the total base investment in that production. The credit shall be allowed against the individual or corporate income tax for the taxable period in which the credit is earned, with a ten-year carry-forward. Refunds of credits which exceed tax liability are authorized. The aggregate amount of credits issued during a calendar year shall not exceed \$3 million.

Act 401, HB 679

Enacts the Louisiana Headquarters and Growth Act which exempts dividend and interest income from Louisiana corporation income tax. Classifies profits or losses from sales or exchanges or property not made in the ordinary course of business as apportionable income and subjects such profits to Louisiana tax to the extent of the selling corporation's Louisiana apportionment ratio. Provides an income tax apportionment ratio for certain businesses engaged in manufacturing and

merchandising that is a single sales ratio. Provides a franchise tax apportionment ratio for certain businesses engaged in manufacturing that is a single revenue ratio. Defines integrated oil company for purposes of the state tax as those defined by the U. S. Internal Revenue Code-26 U.S.C. §491(b)(4), or integrated oil companies that refine, produce, and have marketing operations, whose income in Louisiana is principally derived from production and sale of unrefined oil and gas, and who also engages in significant marketing of refined petroleum products in Louisiana. Provided, any taxpayer, whose activities during the taxable year do not include any "gross receipts from retail sales of oil and/or natural gas", or any "refinery activities of oil and/or natural gas", will not be considered as an integrated oil company for Louisiana tax purposes, notwithstanding such taxpayer may be a "related party" or a "member of the federal consolidated group" under the U. S. Internal Revenue Code. Provides that any taxpayer whose activities during the taxable year do not include any gross receipts from retail sales of oil and/or natural gas or any refinery activities of oil and/or natural gas will not be considered as an integrated oil company for Louisiana tax purposes.

Act 402, HB 684

Provides a research and development tax credit to certain taxpayers. Provides for income tax years beginning on or after January 1, 2005, and franchise tax years beginning on or after January 1, 2006, the credits shall be equal to:

- (1) 8% of the state's apportioned share of the taxpayer's expenditures for increasing research activities, for taxpayers employing 500 or more Louisiana residents.
- (2) 20% of the state's apportioned share of the taxpayer's expenditures for increasing research activities, for taxpayers employing fewer than 500 Louisiana residents.
- (3) 25% of the state's apportioned share of the federal research credit claimed for research expenditures in the state if the taxpayer claims the federal alternative incremental tax.

Provides that the Dept. of Economic Development may also award additional one-time credits to taxpayers who receive Small Business Innovation Research Grants. This credit shall be equal to 8% of the grant. Provides for a sunset of the research and development tax credit for research expenditures incurred or Small Business Innovation Research Grants funds received after December 31, 2009.

Act 456, HB 731

This bill revises the motion picture tax credit program. Provides for a motion picture tax credit sunset for the sales tax exemption on January 1, 2006. Limits the investor tax credits to a percentage of in-state production expenditures. Rolls investor and employment credits together. Authorizes a 25% credit for any base investment over \$300,000 plus 10% if the base investment is for payroll for Louisiana residents. The 25% credit is reduced to a 20% credit in 2010 and to 15% in 2012. Establishes a 15% infrastructure credit which sunsets January 1, 2008. Allows credits to be transferred and authorizes an optional refundable credit with a value of 72% to increase by 2% every two years. Prohibits state-certified productions receiving motion picture tax credits from receiving rebates under the Quality Jobs Program.

Act 491, HB 786

The Louisiana Community Development Financial Institution Act (the "Act") was introduced as a method to further community development, diminish poverty, provide assistance in the formation and expansion of businesses in economically distressed areas, which create jobs in the state by providing for the availability of venture capital financing for the development and operation of Louisiana entrepreneurial businesses. The Act provides that entities designated by the U. S. Department of the Treasury's Community Development Financial Institutions Fund as Community Development Financial Institutions ("CDFI") may be certified by the Office of Financial Institutions as a Louisiana CDFI ("LCDFI") if the CDFI has as its primary business activity the investment of cash in such a manner as to acquire equity in or provide financing assistance to Louisiana entrepreneurial businesses in low income communities that are in need of capital for survival, expansion, new product development or similar business purposes. Qualifying individuals or businesses that invest in a LCDFI may earn, apply for, and be granted a tax credit on any personal income, corporate income, or corporation franchise tax liability. The tax credit shall be calculated as 75% of the investment for the purposes of earning tax credits. The tax credits may be transferred, but the recipients use of the credit is limited to the recipient's tax liability for any taxable year.

HB 797 (Vetoed)

Would have authorized the creation of one or more film institutes by public institutions of higher education. Such institutes would have been nonprofit corporations under state law and under the Internal Revenue Code. Provided that the institute would have been governed by the administration of the respective public institution of higher education subject to the oversight of a board of directors of five members. Provided that tax credits generated by a production occurring at an institute for a state-certified production as defined in R.S. 47:1123 which are not claimed or used by the person or company earning the credit against the tax liability of that person or company, shall be transferred or sold only to an institute. Provided that all of the tax credits earned for the construction and equipment purchased by another nonprofit corporation in agreement with the institute may only be transferred or sold to the institute. Provided that if the institute is located in a parish in which tax increment financing is authorized and a nonprofit corporation agrees to construct and own physical facilities for use by the institute, such nonprofit corporation shall be eligible to use or be the beneficiary of tax increment financing, provided that such eligibility or right to use tax increment financing shall not be transferable to the institute.

Act 466, HB 862

Creates the Urban Revitalization Tax Incentive Program. Requires the Department of Economic Development (DED) to establish certain criteria for qualifications of urban revitalization using the following: unemployment, youth unemployment, per capita income, migration, and number of residents receiving public assistance. The criteria shall be established so that 25% of the U. S. Census Dept. Divisions in the state qualify as urban revitalization zones.

Requires DED to designate urban revitalization zones if the governing authority agrees to:

- (1) Implement a program to improve police protection in the zone.
- (2) Give priority to use federal funds in the zone.
- (3) Assist DED in certifying employers to be eligible for the benefits of this program.
- (4) Authorize DED to supersede certain local regulations that could discourage economic development in the zone.
- (5) Assist DED in evaluating progress made in the zones.

Provides that incentives shall be in lieu of any incentives under the Enterprise Zone Program and allows DED, in cooperation with the Dept. of Labor, to enter into agreements with employers located in other revitalization zones under which the employers may receive Workforce Investment Act funds. Allows the board to enter into contracts to provide certain tax exemptions including exemptions from all or a portion of income taxes levied by the state for a period of five years, and an exemption from all or a portion of corporate franchise taxes levied by the state for a period of five years.

Act 339, SB 246

Under the Enterprise Zone Program, grants a \$5,000 tax credit for each new job created in the rubber manufacturing industry as defined by NAICS Code 326211. The tax credit may be applied to any state income tax liability or any state franchise tax liability within a ten-year period from the date that the contract becomes effective or until the entire credit is used, whichever occurs first. This credit sunsets on June 30, 2010.

Act 346, SB 341

Provides for a digital interactive media producer tax credit and authorizes a tax credit against state income tax for state-certified productions which is defined as a digital interactive media production or a component part thereof approved by the director (a designee of the Dept. of Economic Development) prior to January 1, 2010. Authorizes the tax credits to be transferred or sold. A single transfer or sale may involve one or more transferees. Provides that the credits shall be effective until January 1, 2010.

- **Exemptions**

Act 397, HB 78

Extends the exemption from state and local sales and use taxes for rail rolling stock manufactured in the state to also include such rail rolling stock sold or leased. Exempts parts or services used in the fabrication, modification, or repair of rail rolling stock in this state from state sales and use taxes and authorizes local taxing authorities to exempt from local taxes parts or services used in the fabrication, modification, or repair of rail rolling stock in this state for use in interstate commerce.

Act 471, HB 128

Defines manufacturer to include certain agricultural activities for purposes of the sales and use tax exclusion for manufacturing machinery and equipment. Makes the exclusion applicable to farmers not required to register with the Dept. of Labor (DOL) who therefore have not been assigned a NAICS code and manufacturers with no employees who are not required to register with DOL and have therefore not been assigned a NAICS code, but would be assigned a NAICS code within the agricultural, forestry, fishing, and hunting Sector 11 or the manufacturing Sectors 31-33 as they existed in 2002, if they were required to register with DOL. Further defines machinery and equipment to include such items used by industrial plants for electric power self consumption or co-generation.

Act 357, HB 212

Extends exemption for purchases and leases of educational materials and equipment used for classroom instruction by nonpublic schools through June 30, 2009.

Act 391, HB 807

Provides a tax exemption for any open baseball site owned and operated by and for the state, or any of its agencies, boards, or commissions, which site has a seating capacity of at least 10,000, has a professional sports franchise that participates in Class Triple A professional baseball, and is located within a political subdivision of the state composed of more than one parish.

Act 492, HB 835

Provides that production from inactive oil and gas wells shall be exempt from severance taxes for five years after being returned to service. Applies to wells that have been certified as inactive by the Dept. of Natural Resources between July 1, 2002 and June 30, 2010. The exemption period begins from the date production begins or 90 days from the date of application, whichever occurs first and extended by the duration of any interruption in production caused by a force majeure. The exemption is extended to any well granted inactive certification on or after January 1, 2005.

- **Credits**

Act 479, HB 420

Establishes an individual income tax credit for the rehabilitation of owner-occupied residential or owner-occupied mixed use structures. Further provides that the total credit shall be no more than \$25,000 per structure and the rehabilitation costs of the structure must exceed \$20,000. Provides that the structure must be certified by the State Historic Preservation Office or be located in a historic district, or listed or eligible for listing on the National Register, or be located in a downtown development district or a Main Street District, or be a vacant and blighted residential structure that is at least 50 years old and specifies that eligible structures must be owner-occupied residential or mixed use property.

Act 375, HB 634

Increases the tax refund for gasoline and special fuels taxes paid by contract drivers of privately owned school buses transporting Louisiana public or private school students from one-half to three-fourths of such taxes paid.

Act 319, SB 34

Grants an income and corporate franchise tax credit equal to 20% of the cost of certified recycling equipment and or service contracts used by nonhazardous industrial waste generators or beneficial users to implement DEQ-approved reuse programs. Credits cannot be issued prior to approval by the commissioner of administration and are capped at \$5 million annually.

Act 298, SB 182

Provides that the Dept. of Natural Resources may by rule, adopted pursuant to the Administrative Procedure Act, establish the Louisiana Royalty Relief Dry Hole Credit Program. Such dry hole credit shall be applicable for certain drilling in mineral leases on Louisiana offshore state lands and state-owned water bottoms in the coastal zone. Provides that, regardless of when obtained, all royalty relief dry hole credits shall expire on June 30, 2013.

- **Special Treasury Funds**

Act 430, HB 393

Dedicates annual state revenue from slot machine gaming conducted at the licensed eligible racing facility in Orleans Parish remaining after deposit of 5% of such revenue to the Orleans Parish Excellence Fund as follows:

- (1) 30%, not to exceed \$1.3 million, for deposit into the Beautification and Improvement of the New Orleans City Park Fund to be used for beautification and improvements to New Orleans City Park.

- (2) 20%, not to exceed \$350,000, for deposit into the Greater New Orleans Sports Foundation Fund to be used for purposes of the Greater New Orleans Sports Foundation.
- (3) 20%, not to exceed \$100,000, for deposit into the Algiers Economic Development Foundation Fund to be used for purposes of the Algiers Economic Development Foundation.
- (4) 20%, not to exceed \$100,000, for deposit the New Orleans Urban Tourism and Hospitality Training in Economic Development Foundation Fund to be used for purposes of the New Orleans Tourism Hospitality Training and Economic Development, Inc.
- (5) 5%, not to exceed \$100,000 for deposit into the Beautification Project for New Orleans Neighborhoods Fund to be used for purposes of the Beautification Project for New Orleans Neighborhoods, Inc.
- (6) 5%, not to exceed \$100,000 for deposit into the Friends of NORD Fund to be used for purposes of the Friends of NORD, Inc.
- (7) After deposits as required above, monies will be deposited into the New Orleans Sports Franchise Assistance Fund to be used by the Louisiana Stadium and Exposition District for use only to fund contractual obligations of the state to any National Football League or National Basketball Association franchise located in Orleans Parish.

Act 398, HB 460

Establishes the Rapid Response Fund as a special fund in the state treasury. Beginning July 1, 2005, directs the state treasurer to deposit into the fund at the beginning of each fiscal year an amount sufficient to bring the unencumbered balance in the fund to \$10 million. Monies in the fund are to be appropriated to the Dept. of Economic Development (DED) to be used for funding for economic development projects which may be necessary to secure the creation or retention of jobs by a business entity under circumstances as may be determined by the secretary of DED and the governor. Provides for investment of monies in the fund and retention of unexpended balances. The secretary of DED is required to submit a report on the expenditure of monies appropriated from the fund to the Joint Legislative Committee on the Budget twice a year.

Act 464, HB 840

Increases the annual cap (currently \$17.5 million) on the proceeds of the sales tax collected by the Louisiana Tourism Promotion District which are dedicated to the Dept. of Culture, Recreation and Tourism for out-of-state tourism promotion purposes by \$400,000 annually for five years. Further, authorizes up to 10% of these monies used for advertising to be used for the purchase of in-state advertisements.

Act 256, HB 654

Authorizes the securitization of unclaimed property revenue to provide funds for Interstate 49 North and South projects. Establishes the Unclaimed Property Leverage Fund within the state treasury and provides that up \$15 million per year may be transferred from the fund to the Louisiana Transportation Authority (LTA). Such monies shall be expended by the LTA for purposes including the funding or securitization of revenue bonds, to be used exclusively to match federal funds to be used 50% for the costs associated with the construction of Interstate 49 North from Interstate 20 in the city of Shreveport to the Louisiana/Arkansas border and 50% for Interstate 49 South from Interstate 10 in the city of Lafayette to the West Bank Expressway in the city of New Orleans.

Act 513, SB 187 (Constitutional Amendment)

Act 300, SB 195 (Statutory Companion)

Provides that, subject to the requirements of the Louisiana Education Quality Trust Fund and the Bond Security and Redemption Fund, the first \$600 million of federal revenue received by the state which are generated from Outer Continental Shelf oil and gas activity and eligible, under the provisions of federal law, to be used for the purposes of coastal wetland conservation and restoration shall be deposited in and credited to the Wetlands Conservation and Restoration Fund. Such federal revenue is to be used only for the purposes of coastal wetlands conservation, coastal restoration, and infrastructure directly impacted by coastal wetland losses.

- **Public Contracts**

Act 440, HB 628

Establishes the Louisiana Initiative for Small Entrepreneurships (the Hudson Initiative) to encourage the participation of small entrepreneurships in state contracting. The provisions of the proposed legislation do not apply to contracts for sole-source items, contracts with other governmental entities, and those contracts which are prohibited by federal law from governance by state law. Sets eligibility requirements for an entity to be certified as a small entrepreneurship, and provides for such certification by the secretary of the Dept. of Economic Development. Authorizes DED to develop the application process for entities seeking certification through the promulgation of administrative law. Requires the commissioner of administration to set annual goals for the use of small entrepreneurships in state procurements and public contracting and to establish policies for and assist state agencies with the implementation of the initiative. Provides for methods of source selection which may be utilized by state agencies for contracting with small entrepreneurships.

Act 329, SB 132

The State Resources Accountability Act requires the reporting of certain information on cooperative endeavor and litigation settlement agreements to the Joint Legislative Committee on the Budget (JLCB). Any state agency seeking to enter into a new cooperative endeavor that may result in any non-public party to the agreement

generating or expending revenue of \$1 million or more per year from the operation, management, or control of a state resource is required to inform the JLCB of the essential elements of such agreement not less than 30 days before it is effected. The JLCB is authorized to conduct a hearing with respect to the agreement, which may be undertaken in executive session. The attorney general is required to report at least quarterly to the litigation subcommittee of the JLCB the status of any claims against the state which could be expected to result in a litigation settlement in excess of \$1 million.

LEGISLATION WITH SIGNIFICANT REVENUE IMPACT

Note: A positive number for a revenue act indicates an increase in State General Funds available for appropriation. A positive number under a dedication indicates a decrease in State General Funds available for appropriation for general purposes.

Explanation	SGF Impact For Fiscal Year (In Millions)				
	05/06	06/07	07/08	08/09	09/10
REVENUE ACTS					
Corporation Income and Franchise Tax					
The La. Headquarters and Growth Act - changes the taxation of various forms of income of business taxpayers (Act 401, HB 679)		(\$4.8)	(\$4.4)	(\$3.9)	(\$3.5)
Provides income and franchise tax credits for investments in Louisiana Community Development Financial Institutions (LCDFI) (Act 491, HB 786)	(\$5.0)	(\$5.0)			
Provides refundable tax credits for investment in certified sound recording productions and/or capital infrastructure projects (Act 485, HB 631)		(\$3.0)	(\$3.0)		
Increases the existing tax credit for research and development expenditures from 8% to 20% for firms employing fewer than 500 Louisiana residents (Act 402, HB 684)	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)
Expands an existing tax credit to \$5 million that any single taxpayer can receive for any number of structures rehabilitated within a particular downtown development district (Act 439, HB 602)				(\$1.4)	(\$1.5)
Gasoline and Special Fuels Tax					
Moves the collection of motor fuels taxes to the terminal racks rather from the first handler of the fuel in the state		\$9.0 Gasoline	\$9.0 Gasoline	\$9.0 Gasoline	\$9.0 Gasoline
Estimated revenue gains based on the minimum reported by other states from reduced tax evasion (Act 252, HB 599)		\$6.0 Special Fuels	\$6.0 Special Fuels	\$6.0 Special Fuels	\$6.0 Special Fuels
Personal Income Tax					
Changes the motion picture tax credit program (Act 456, HB 731)		\$9.0	\$9.0	\$9.0	\$9.0
Provides a tax credit against income or franchise tax liabilities for eligible investments in defined entrepreneurial businesses (Act 400, HB 627)		(\$1.0)	(\$2.0)	(\$3.0)	(\$4.0)

Explanation	SGF Impact For Fiscal Year (In Millions)				
	05/06	06/07	07/08	08/09	09/10
Sales Tax – General					
Extends through June 30, 2009, an exclusion from state and local sales and use tax on purchases and leases of educational materials and equipment used for classroom instruction by nonpublic schools and on tangible personal property sold by these schools if the money is used solely to support the school or its program or curricula (Act 357, HB 212)	(\$0.582)	(\$0.582)	(\$0.582)	(\$0.582)	
Provides a state and local sales and use tax exemption on the sale or lease of rail rolling stock used in either intrastate or interstate commerce (Act 397, HB 78)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)
Severance Tax					
Extends the application period for severance tax exemption on re-entry of inactive wells, <u>from</u> June 30, 2006 <u>to</u> June 30, 2010 (Act 492, HB 835)		(\$5.0)	(\$7.2)	(\$7.1)	(\$6.8)
Other Revenue					
Establishes a fee of 1.5% on the net patient revenue on certain general acute case hospitals, and provides an exemption to such fee for any hospital owned by the state, any federally owned hospital, rural hospitals as defined by the Rural Hospital Preservation Act, hospitals that are certified by Medicare for long-term acute care, and rehabilitation or psychiatric hospitals (Act 182, HB 887)	\$87.0	\$87.0	\$87.0	\$87.0	
DEDICATIONS					
Unclaimed Property					
Dedicates up to \$15 million per year of unclaimed property receipts to the new "Unclaimed Property Leverage Fund" for payment of bonds issued to complete construction of Interstate 49 (Act 256, HB 654)		\$15.0	\$15.0	\$15.0	\$15.0
Rapid Response Fund					
At the beginning of each fiscal year, starting July 1, 2005, the treasurer is to deposit into the newly created Rapid Response Fund an amount sufficient to bring the unencumbered balance in the fund to \$10 million (Act 398, HB 460)	\$10.0	\$10.0	\$10.0	\$10.0	\$10.0
Tourism Promotion District					
Phases in an increase in the current \$17.5 million state sales tax dedication to the Tourism Promotion District (Act 464, HB 840)	\$0.4	\$0.8	\$1.2	\$1.6	\$2.0

Explanation	SGF Impact For Fiscal Year (In Millions)				
	05/06	06/07	07/08	08/09	09/10
Dept. of Justice Legal Support Fund					
Increases the balance cap in the Legal Support Fund from \$500,000 to \$1 million (Act 420, HB 224)		\$0.5	\$0.5	\$0.5	\$0.5
Slot Machine Gaming at Live Racing Facilities					
Dedicates the state proceeds, after allocation to the Orleans Parish Excellence Fund and enforcement, from the slot facility in Orleans Parish to the following: (a) Beautification and Improvement of the New Orleans City Park Fund (30%, up to \$1.3 million), (b) Greater New Orleans Sports Foundation Fund (20%, up to \$350,000), (c) Algiers Economic Development Foundation Fund (20% up to \$100,000), (d) New Orleans Urban Tourism and Hospitality Training in Economic Development Foundation Fund (20%, up to \$100,000), (e) Beautification Project for New Orleans Neighborhoods Fund (5%, up to \$100,000), (f) Friends of NORD (New Orleans Recreation Department) (5%, up to \$100,000), and (g) the balance to the New Orleans Sports Franchise Assistance Fund to fund any NFL or NBA contractual obligations in Orleans Parish (Act 430, HB 393)	Increase	Increase	Increase	Increase	Increase

K-12 EDUCATION

SCHEDULE 19 - DEPARTMENT OF EDUCATION				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$2,605,545,756	\$2,687,220,903	\$81,675,147	3.1%
Interagency Transfers	\$73,452,749	\$79,528,309	\$6,075,560	8.3%
Fees and Self-generated	\$2,594,118	\$2,620,033	\$25,915	1.0%
Statutory Dedications	\$229,802,034	\$242,508,665	\$12,706,631	5.5%
Interim Emergency Bd.	\$0	\$0	\$0	0.0%
Federal	\$813,976,984	\$938,165,345	\$124,188,361	15.3%
TOTAL	\$3,725,371,641	\$3,950,043,255	\$224,671,614	6.0%
Authorized Positions	891	900	9	1.0%

The total budget for the Department of Education (DOE) grew \$225 million over budgeted FY 04-05. State General Fund grew by \$82 million over FY 04-05 primarily because of two factors:

- 1) An additional \$20 million SGF for the LA4 Early Childhood Program, bringing the total FY 05-06 LA4 funding to \$55 million.
- 2) \$62 million SGF growth for the Minimum Foundation Program (MFP).

There were also minor SGF increases listed below which netted out with SGF reductions in the DOE budget:

- \$2.3 million SGF for additional students attending Type 2 Charter Schools.
- \$1.8 million SGF for additional \$5,000 certification stipends for specific teachers, counselors, and school psychologists.
- \$1.5 million SGF for increased operating costs at Special School Districts (SSD).
- \$1 million SGF for additional student assessment.
- \$500,000 SGF for additional state support of Jobs for America's Graduates Louisiana – JAG LA.

Federal funds grew \$124 million which increased the budget authority up to 75% of the grant availability for Title 1, Special Education, Title 2, Federal Breakfast-Lunch-Daycare Programs and other federal programs.

The increase in authorized positions is due to a reduction of eight positions and the addition of 17 positions for a net increase of nine positions. The new positions are:

- Testing – two additional positions.
 - LA4 – two additional positions.
 - SSD – six additional positions.
 - Teacher education – two additional positions.
 - Teacher certification – two additional positions.
 - Legal division – one additional position.
 - LaLEAD – one additional position.
 - Milken Project – one additional position.
- **\$2.7 billion is appropriated for the MFP, an increase in total funding of \$48 million over FY 04-05 expenditures**

SCR 125 of 2005 R.S. will be used to determine the cost of the MFP. SCR 125 requires the Board of Elementary and Secondary Education (BESE) to issue a final budget letter to school systems no later than June 30, 2005, for the fiscal year beginning July 1. SCR 125 also allows for Mid-year Adjustments for students. \$36 million will be available to supplement and enhance certificated staff salaries and retirement benefits. The MFP provides 54 school systems with an increase in state funds and certificated pay raises, with the state average being a \$530 increase and across the board amounts ranging from \$23 to \$1,791. Because 14 school systems would not receive new funding for pay raises and many others not able to pay the statewide-average \$530 pay raise, the legislature appropriated \$12.5 million to the Teacher Educational Aid for Children (TEACH) Fund in Act 138 (HB 842 of 2005 R.S., the FY 04-05 Supplemental Appropriations Bill) for a one-time pay supplement up to \$530 for that purpose.

Significant elements in the FY 05-06 MFP include the following:

- SCR 125 will use the FY 04-05 enrollment and the FY 03-04 local revenue amounts to determine the cost of the FY 05-06 MFP.
- SCR 125 provides for an increase in the base per pupil amount from \$3,459 to \$3,554; however, the state funds per pupil amount for each school district will vary.
- Red River Parish has the highest state MFP per pupil amount of \$5,725 per pupil and Plaquemines Parish has the lowest state MFP per pupil amount of \$2,312 per pupil. The average state funds per pupil for FY 05-06 is \$3,809 per pupil.
- SCR 125 provides for a midyear budget adjustment for student growth of either 50 students or 1% over the FY 04-05 audited students.
- The Recovery School District is included in the MFP.
- A 20% cap on increases in the sales tax base for purposes of calculating the local wealth factor is included. Five school districts are expected to benefit from this item in FY 05-06.
- Limits MFP state funds to expenditure for educational purposes.

- Excludes local revenue dedicated to a Tax Increment Financing (TIF) District in Level 2 of the MFP.
- Prohibits MFP funding to School Improvement 6 schools that do not have a BESE-approved and implemented reconstitution plan.

- **\$123.6 million is appropriated for TOPS awards (SGF and TOPS Fund)**

The FY 05-06 appropriation for the Tuition Opportunity Program for Students (TOPS) is \$123.6 million for approximately 42,500 awards and is funded with \$109 million State General Fund and \$14.8 million from the TOPS Fund. The appropriation for TOPS awards is a "more or less estimated" appropriation and includes an increase for a 3% tuition hike for TOPS Awards.

Significant changes approved in the 2005 Regular Session include the following:

- Act 194 (HB 120) provides that a home-study student shall have a composite ACT score (or equivalent SAT score) which is two points higher (instead of the current three points) than that required for a student graduating from a Louisiana public high school or BESE-approved nonpublic school through FY 07-08.
- Act 412 (HB 103) permits the TOPS recipient to use it at an accredited out-of-state nonpublic college or university that primarily serves deaf and hard-of-hearing students.
- Act 348 (SB 355) establishes the TOPS-Tech Early Start Award for eligible 11th and 12th grade students attending Louisiana public high schools and provides that the award may be used at Louisiana public postsecondary education institutions for the purpose of pursuing an industry-based occupational or vocational education credential as defined by the Board of Regents.

TOPS PAYMENTS BY ACADEMIC YEAR		
TUITION OPPORTUNITY PROGRAM FOR STUDENTS		
ACADEMIC YEAR	AWARDS	COST
FY 98-99	23,509	\$54.0 million
FY 99-00	29,120	\$67.4 million
FY 00-01	35,726	\$90.2 million
FY 01-02	40,850	\$104.0 million
FY 02-03	40,098	\$104.6 million
FY 03-04	41,014	\$110.5 million
FY 04-05	42,303	\$116.7 million
FY 05-06 (estimated)	42,567	\$123.6 million

- **\$55.0 million for Early Childhood Programs (LA4 and Starting Points) for four-year olds (SGF and TANF)**
- **\$12.5 million 8(g) funds for the BESE Early Childhood Program**

The LA4 appropriation is comprised of \$17 million TANF funds and \$38 million SGF. This is the fifth year of implementation for the LA4 Program. The TANF and

SGF will be used by the DOE and BESE in conjunction with approximately \$12.5 million 8(g) funds (\$12.5 million 8(g) funds were spent in FY 04-05). The DOE expects to serve approximately 12,637 children in LA4 in combinations of ten-hour, six-hour, and four-hour programs and 167 children in Starting Points. 41 school systems are participating in the LA4 Program and 11 school systems are participating in the Starting Points Program. The goal of the LA4 Program is to provide universal high quality education and care services to four-year old children. Classroom maximum enrollment is 20 children and the adult to child ratio is 1:10. Transportation is provided for the six-hour educational portion of the day.

- **\$46.6 million is appropriated to continue K-12 Accountability Initiatives including the following:**
 - \$ 16.4 million High Stakes Remediation and Louisiana Educational Assessment Program (LEAP) 21 Tutoring (SGF)
 - \$ 2.2 million GEE 21 Summer School (SGF)
 - \$ 4.2 million Distinguished Educators (SGF)
 - \$ 16.4 million Testing (SGF)
 - \$ 4.7 million K-12 Rewards (SGF)
 - \$ 2.7 million School Accountability/Assistance, Louisiana Educational Accountability Data System (LEADS), administration
- **\$16.3 million is appropriated out of the Education Excellence Fund (EEF) from tobacco settlement revenue**

Allocation of Education Excellence Funds For FY 05-06	
School	EEF Amount
LSVI	\$76,054
LSD	\$79,771
LSEC	\$76,447
LSMSA	\$82,213
NOCCA	\$83,809
Local School Systems	\$13,181,709
Charter Schools	\$95,821
Nonpublic Schools	\$2,413,380
Treasurer's Office	\$257,033
TOTAL EEF Allocation	\$16,346,237

- **\$29.7 million in State General Fund and Educational Excellence Fund is appropriated to Nonpublic Educational Assistance**

Funding for FY 05-06 reflects a reduction in State General Fund of \$268,538 and an increase in Education Excellence Funds of \$486,442, for an overall increase of

\$217,904 compared to FY 04-05. The Nonpublic Educational Assistance is allocated to five programs:

- 1) Required Services \$12.7 million
- 2) School Lunch Salary Supplements \$6.1 million
- 3) Transportation Program \$7.2 million
- 4) Textbook Administration \$0.2 million
- 5) Textbooks \$3.5 million

- **\$24.5 million in State General Fund is appropriated for Type 2 Charter Schools**

Funding for FY 05-06 is projected on operating eight Type 2 Charter Schools and enrolling 3,705 students. The amount appropriated for FY 05-06 is \$2 million greater than the amount appropriated in FY 04-05 for Type 2 Charter Schools. Type 2 Charter Schools receive their funding from the state; no local funding is provided.

The actual allocations to the Type 2 Charter Schools will depend on their October 1, 2005 enrollments, recalculations of the state funding per pupil amounts, and audit adjustments (plus or minus) made during FY 05-06. The DOE has provided the funding information below to the Type 2 Charter Schools.

FY 05-06 TYPE 2 CHARTER SCHOOL FUNDING INFORMATION				
Type 2 Charter Schools		State Funding Per Pupil	Projected Student Count	Total Allocation with Estimated Student Audit Adjustments
1	Avoyelles Public Charter School	\$5,238	600	\$3,117,690
2	Belle Chasse Academy	\$7,637	920	\$6,973,512
3	Delhi Charter School	\$6,336	420	\$2,642,763
4	EBRATS	\$7,239	200	\$1,427,232
5	Glencoe Charter School	\$6,281	372	\$2,330,440
6	International School of Louisiana	\$6,509	429	\$2,798,548
7	Milestone SABIS Academy	\$6,509	484	\$3,113,234
8	New Vision Learning	\$7,279	280	\$2,031,104
TOTAL			3,705	\$24,434,523

- **\$20.0 million in State General Fund is appropriated for public school system employer retirement costs**

In the FY 04-05 Supplemental Appropriation Bill, \$20 million is appropriated to public school systems and other public schools to offset the increase in employer retirement contributions for the Teachers' Retirement System (15.9% rate) and School Employees' Retirement System (18.4% rate).

- **\$18.5 million in State General Fund and Interagency Transfers is appropriated for Special School Districts (SSD)**

SSD received an additional \$871,704 SGF due to increased operational expenses at the Ruston and Leesville Developmental Centers and at the Dixon Correctional Institute and also for increased costs for educational services to students in private and public secure care facilities and private residential facilities approved by the Office of Youth Development. The SGF increase is also due to funding teacher salary merit increases.

- **\$12.3 million in State General Fund is appropriated for the K-3 Reading and Math Initiative**

This is the eighth year of funding the K-3 Reading and Math Initiative to improve the reading and mathematics skills of public school students in Kindergarten through 3rd Grade by providing comprehensive and ongoing staff development to teachers. In-school intervention programs, such as retired teachers tutoring, master teachers working with individuals and small groups, after-school programs, and extended year programs, are used by school systems to address Reading and Math difficulties.

- **\$10.0 million in State General Fund is appropriated for computers in the classroom**

In the FY 04-05 Supplemental Appropriation Bill, \$10 million is provided for computers in the classroom for public schools, state special schools, and approved nonpublic schools. FY 02-03 was the most recent year for which a specific appropriation for classroom computers was made (\$10 million) and the per pupil allocation was \$11.69 per student.

- **\$9.5 million TANF for After School Education and Enhancement Programs**

After School Education TANF Programs are intended to impact 16,000 students and increase the number of high quality out-of-school-time youth development programs among high-poverty communities with low-achieving students and/or a large number of working-poor parents. Public elementary, middle, or secondary schools; faith-based and other community-based organizations; and private, nonprofit organizations, whose mission centers on serving K-12 children, are eligible to apply for this TANF funded program designed to provide academics, enrichment, and recreation. A minimum of three days of activities per week for at least ten months will be provided, which should be initiated no later than October 1, 2005.

- **\$1.6 million TANF for Strategies to Empower People (STEP) Program**

TANF STEP Programs are intended to impact 2,500 participants and move them toward self-sufficiency and improve the overall well-being of the family by improving educational outcomes for the participant. The services to be provided will

be adult basic and secondary literacy instruction, GED preparation, administration of the Profile XT inventory where appropriate, and/or work/vocational-readiness preparation for the WorkKeys assessment. The target population to be served will be adults 16 years of age and older, with a minor child, who are in need of adult basic education and are referred to the sites in coordination with the Department of Social Services, Office of Family Support.

- **\$2.9 million in State General Fund is appropriated for the National Board for Professional Teaching Standards (NBPTS) certification stipends**

To reimburse school systems for paying the \$5,000 certification stipend to teachers and administrators who have achieved certification from the NBPTS, \$2.9 million is appropriated for 579 stipends of \$5,000 each.

- **\$1.2 million in State General Fund is appropriated for National Board of Certified Counselors (NBCC) certification stipends**

To reimburse school systems for paying the \$5,000 certification stipend to counselors who have achieved certification from the NBCC, \$1.2 million is appropriated for 250 stipends of \$5,000 each.

- **\$840,000 in State General Fund is appropriated for the National School Psychology Certification Board (NSPCB) certification stipends**

To reimburse school systems for paying the \$5,000 certification stipend to school psychologists who have a credential issued by the NSPCB, \$840,000 is appropriated for 168 stipends of \$5,000 each.

- **\$1.0 million in State General Fund is appropriated for Jobs for America's Graduates – Louisiana (JAG-LA)**

The JAG-LA appropriation reflects a \$500,000 increase for FY 05-06. JAG-LA's mission is to assist disadvantaged students who have been deemed at risk of dropping out of school or have already dropped out of school by engaging them in an educational setting that promotes academic and skills attainment so they can receive a high school diploma or GED and enter postsecondary education or a rewarding career. Louisiana conducts an In-School Program and a Drop-Out Recovery Program.

- **\$664,473 in State General Fund is appropriated for K-12 On-Line Database Resources**

FY 05-06 is the fifth consecutive year the legislature has funded the On-Line Database Resources from the GALE Group and World Book Online Encyclopedia. The database resources are available to 842,000 public and nonpublic school students and teachers 24-hours a day/seven days a week.

- **\$299,973 in State General Fund is appropriated to Louisiana Educational Television Authority (LETA) for expenses related to The Football Network (TFN) agreement**

During the prior administration, LETA, the commissioner of administration, and the Department of Economic Development entered into a cooperative endeavor to facilitate the location of TFN in Louisiana. The eight-year payback for acquisitions purchased by LETA for TFN totals \$2.4 million. This is the second year of the payback. In addition, TFN had an outstanding balance of \$630,000 incurred in FY 03-04 owed to LETA for rental of space and other charges for which no funding has been received.

- **\$468,468 is appropriated for Teach for America (SGF)**

Teach for America is a national corps of outstanding recent college graduates of all academic majors who commit two years to teach in urban and rural public schools. In Louisiana, more than 200 corps members are teaching more than 18,000 students in nine school systems in south Louisiana and the Greater New Orleans area.

SPECIAL SCHOOLS AND COMMISSIONS

SPECIAL SCHOOLS AND COMMISSIONS				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$150,955,033	\$161,445,589	\$10,490,556	6.9%
Interagency Transfers	\$20,136,893	\$19,159,452	(\$977,441)	-4.9%
Fees and Self-Generated	\$1,297,394	\$1,126,794	(\$170,600)	-13.1%
Statutory Dedications	\$51,323,207	\$53,383,671	\$2,060,464	4.0%
Interim Emergency Bd.	\$0	\$0	\$0	0.0%
Federal	\$41,890,861	\$41,465,670	(\$425,191)	-1.0%
TOTAL MOF	\$265,603,388	\$276,581,176	\$10,977,788	4.1%
Authorized Positions	1,078	1,086	8	0.7%

There are ten agencies included in the section of the General Appropriation Bill pertaining to Special Schools and Commissions. These agencies are as follows:

Louisiana School for the Visually Impaired
Louisiana School for the Deaf

Louisiana Special Education Center

Louisiana School for Math, Science, and the
Arts

Office of Student Financial Assistance
Louisiana Educational Television
Authority
Council for the Development of
French in Louisiana
Board of Elementary and Secondary
Education

State General Fund appropriated for Special Schools and Commissions increased approximately \$10.5 million due to increases for Student Tuition Assistance Revenue Trust (START) Program state contributions (\$1 million), TOPS-Tech Early Start Award Program (\$1 million), and TOPS tuition awards (\$8.7 million).

Special Schools and Commissions number of authorized positions increased by eight positions in the following adjustments:

- Louisiana School for the Visually Impaired – three additional positions.
- Louisiana School for the Deaf – four additional positions.
- Louisiana School for Math, Science, and the Arts – one additional position.

HIGHER EDUCATION

HIGHER EDUCATION				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$1,061,915,039	\$1,105,223,718	\$43,308,679	4.1%
Interagency Transfers	\$329,881,492	\$330,250,357	\$368,865	0.1%
Fees and Self-generated	\$687,714,884	\$749,557,196	\$61,842,312	9.0%
Statutory Dedications	\$147,487,210	\$142,000,173	(\$5,487,037)	-3.7%
Interim Emergency Bd.	\$379,544	\$0	(\$379,544)	-100.0%
Federal	\$122,828,404	\$120,144,266	(\$2,684,138)	-2.2%
TOTAL	\$2,350,206,573	\$2,447,175,710	\$96,969,137	4.1%
Authorized Positions	159	164	5	3.1%

State General Fund in the higher education budget grew by approximately \$43 million due primarily to funding of mandated costs, including classified merit increases, group insurance, and retirement costs. Those costs accounted for approximately \$21.9 million of that increase. Other significant increases in State General Fund include \$3 million for Health Care Workforce Development, \$2 million for the University of Louisiana – Monroe School of Pharmacy, \$2 million for the LSU Agricultural Center, \$2 million for the LSU – Baton Rouge Center for Computation and Technology and replacement of one-time funding for the Louisiana Optical Network Initiative and the Community and Technical College Development Pool.

Fees and Self-generated Revenue increased by about \$61 million due to increases in tuition and fee revenues. \$17.5 million was due to a 3% tuition and fee increase authorized by the legislature by Act 1117 of 2001 R.S. Approximately \$20 million was due to budgetary changes in the Louisiana Community and Technical College System that substituted Fees and Self-generated Revenue for monies in the Vocational-Technical Enterprise Fund as per Act 506 (HB 505 of 2005 R.S.). The remainder of the increase was due to annualization of prior year tuition increases, increases in student enrollment, and increases in out-of-state tuition and fees.

- **\$10.0 million in Statutory Dedications from the Higher Education Initiatives Fund for performance incentives in furtherance of the Board of Regents Master Plan and for growth of community and technical colleges and learning centers**

The Board of Regents received this funding to address instructional needs of the community and technical colleges and the academic learning centers due to anticipated enrollment increases at those institutions. These monies will also be used

to fund performance incentives at public postsecondary institutions to further progress toward goals stated in the Board of Regents Master Plan.

- **\$3.0 million in State General Fund is appropriated for Health Care Workforce Development, targeting nursing and allied health programs**

These monies in the Board of Regents budget will be used to study and expand participation in areas of Louisiana's health care workforce. An additional \$3 million already exists in the Board of Regents budget, bringing the total funding for Health Care Workforce Development to \$6 million.

- **\$14.6 million in Statutory Dedications from the Higher Education Initiatives Fund and the Louisiana Quality Education Support Fund is appropriated for Endowed Chairs and Professorships**

These monies in the Board of Regents budget will be used to fund a backlog of Endowed Chairs and Professorships. The positions are funded at a rate of 60% private contributions and 40% state contributions. An endowed chair is equal to \$1 million and an endowed professorship totals \$100,000 after both private and state contributions. Endowed positions are often attractive to prospective faculty and are a good recruiting tool. Universities have been successful at acquiring private donations for these positions.

- **\$4.0 million in State General Fund and Statutory Dedications is appropriated for the Louisiana Optical Network Initiative**

These funds in the Board of Regents budget will continue to be used to connect Louisiana to a nationwide high-speed data network, the National LambdaRail. Each lambda connection is capable of carrying data at a rate of ten Gigabits per second. Several universities will serve as connection points in the state's integrated data system, including Louisiana Tech University, University of Louisiana – Lafayette, Southern University – Baton Rouge, LSU – Baton Rouge, University of New Orleans, LSU Health Sciences Centers – Shreveport and New Orleans, and Tulane University. The goal of these initiatives is to enhance research, education, and industry throughout the state.

- **\$21.9 million in State General Fund is appropriated for mandated costs, including classified employee merit increases, retirement costs, and group insurance adjustments**

These funds in the Board of Regents budget and in the budgets of the public postsecondary institutions will be used to fund increasing operational costs related to employee benefits. This will increase the formula implementation rate for the institutions while also allowing other operating funds to be used for instructional purposes. The total required to fully cover mandated costs for FY 05-06 was about \$40 million. Higher education institutions will receive an additional estimated \$17.5

million from a 3% tuition increase that should help to cover the remainder of their operational costs.

- **\$4.5 million in State General Fund and Temporary Assistance to Needy Families (TANF) funding is appropriated to the Louisiana State University Board of Supervisors for Truancy Assessment and Services Centers**

These funds in the LSU Board of Supervisors budget will be used by LSU – Baton Rouge School of Social Work to administer truancy intervention services for at-risk school-aged children. The program has been in operation since 1999 and operates in 24 parishes currently.

- **\$650,000 in State General Fund and Statutory Dedications is appropriated for the Louisiana State University Fire and Emergency Training Institute**

These monies in the LSU – Baton Rouge budget will be used to fund increased operating costs of the LSU Fire and Emergency Training Institute (FETI). The FETI has been operating on a base budget of one-fourth of 1% of all fire insurance premiums in the state since 1970 as per R.S. 22:1080. The institute also receives Self-generated revenue by providing fire training. However, those funds are insufficient to stabilize the budget and attract highly qualified instructors and other personnel. These new monies will help in that regard.

- **\$750,000 in State General Fund is appropriated to the LSU Health Sciences Centers at New Orleans for faculty recruitment**

Due to anticipated attrition of several department heads at the LSU Health Sciences Center, the Center is in need of funds to recruit faculty and department heads. Some of these positions may require as much as \$1 million for an individual recruitment package.

- **\$24.1 million in additional funding is appropriated to the LSU Health Sciences Center – Shreveport**
- **\$11.7 million in additional funding is appropriated to the E. A. Conway Medical Center**

The LSU Health Sciences Center – Shreveport operates a University Hospital and serves a large region in the Shreveport area. The medical school at Shreveport receives over 40% of its budget from the University Hospital's revenue. Additional funding will allow the medical school to continue to stabilize its funding base and permit the University Hospital to retain more revenue for operational expenditures. E. A. Conway Medical Center is now also under the management of the LSU Health Sciences Center – Shreveport and the additional funding will help with operations of that hospital.

- **\$2.0 million in additional State General Fund is appropriated to the Louisiana State University Agricultural Center for general operating expenses and vocational agricultural education**

These funds in the budget of the LSU Agricultural Center will help fill personnel vacancies that were eliminated due to budget constraints. Because the LSU Agricultural Center does not generate tuition revenue, the agency relies on State General Fund for most operational expenses. The center has approximately 96 positions in extension and research that were eliminated to maintain a balanced budget. These new funds will help in that regard.

- **\$500,000 in additional State General Fund is appropriated for Pennington Biomedical Research Center for research and education programs on the prevention of diabetes and to enhance magnetic resonance technologies**

These new funds in the Pennington budget will be used for increased research in the areas of diabetes and nutrition while also allowing for equipment upgrades and acquisition of new technologies. Pennington continues to perform well in its acquisition of external funding. Previously, Pennington experienced several years without any significant increase in State General Fund.

- **\$16.0 million in State General Fund and bonds is appropriated to higher education for library, instructional, and scientific acquisitions**

Funding for library, instructional, and scientific equipment upgrades will be distributed to public postsecondary education institutions through a plan devised by the Board of Regents. For FY 04-05, public postsecondary institutions received \$13.5 million in State General Fund and bonds. During FY 02-03 and FY 03-04, higher education received \$15 million for library and scientific acquisitions through the Capital Outlay Act. During FY 01-02, higher education received \$16.4 million in library and scientific acquisitions through nonrecurring monies in the Higher Education Initiatives Fund.

- **\$2.0 million in additional State General Fund is appropriated for operational expenses at the Pharmacy Program of the University of Louisiana at Monroe (ULM)**

ULM received additional funding for its Pharmacy Program to address accreditation issues in FY 05-06. University administrators have reallocated resources in the past to maintain the low student-to-faculty ratio that is required for accreditation and to maintain competitive salary levels for faculty of the Pharmacy Program. The ULM Pharmacy Program is the only public program in the state and one of two Pharmacy Programs in the state.

- **\$17.5 million is appropriated in additional Fees and Self-generated Revenue made possible by an increase in fees and tuition for FY 05-06**

Higher education institutions received an increase in tuition and mandatory fees of 3% that was approved by the legislature by Act 1117 of 2001 R.S. and is expected to generate about \$17.5 million annually. These funds will help public postsecondary institutions fund merit increases, group insurance benefits, and retirement costs in the coming year.

- **Total capital outlay funding of about \$662.0 million is provided for higher education institutions**

This funding provides for planning, construction, renovation, and equipment and property acquisitions for higher education institutions, including the new and existing initiatives discussed above. Cash and bond funding of this amount includes the following:

\$	1.3 million	State General Fund (Direct)
\$	88.2 million	Fees and Self-generated Revenue
\$	28.8 million	Federal Funds
\$	195.0 million	Revenue Bonds
\$	143.5 million	Priority 1
\$	29.8 million	Priority 2
\$	47.8 million	Priorities 3 and 4
\$	128.0 million	Priority 5

HEALTH AND HOSPITALS

SCHEDULE 09 - DEPARTMENT OF HEALTH AND HOSPITALS				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$1,079,612,367	\$1,403,138,413	\$323,526,046	29.97%
Interagency Transfers	\$530,554,764	\$425,119,900	(\$105,434,864)	(19.87%)
Fees and Self-generated	\$177,071,091	\$71,590,187	(\$105,480,904)	(59.57%)
Statutory Dedications	\$443,147,545	\$582,545,651	\$139,398,106	31.46%
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$4,249,004,851	\$4,395,838,427	\$146,833,576	3.46%
TOTAL	\$6,479,390,618	\$6,878,232,578	\$398,841,960	6.16%
Authorized Positions	12,489	12,280	(209)	(1.67%)

The Executive Budget recommended funding of \$6.3 billion in the Department of Health and Hospitals (DHH), a decrease in total funds from FY 04-05 of some \$127 million. Much of the decrease in funding in the DHH budget was in the Medicaid Program. The decrease was largely due to the loss of a financing mechanism used in FY 04-05 in the Uncompensated Care Costs (UCC) Program that is not available to the state in FY 05-06.

The final budget passed by the legislature totaled over \$6.8 billion. Primarily using additional funds identified in May by the Revenue Estimating Committee and expected revenue from a hospital provider fee, legislative actions focused on increasing spending in the Medicaid Private Provider Program and other areas in which there were significant shortfalls including mental health services.

Medicaid

- **\$371.3 million growth in Medicaid spending for health care services**

FY 05-06 Medicaid spending for health care services is \$5.6 billion. This is approximately \$371 million, or 7% more than payments for health care services in FY 04-05. The budget came to the legislature short approximately \$157 million in the Medicaid Private Providers Program due to the loss of one-time funding and federal funds available in FY 04-05 that are not available in FY 05-06.

The legislature approved the following additions to address specific program and access issues in the Private Provider Program:

- \$46 million to restore rate reductions in nursing homes. The Executive Budget recommended \$59 million in rate reductions.

- \$157 million for costs associated with increased utilization of Medicaid services.
- \$1.3 million to increase reimbursement rates for the Dental/Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) Program.
- \$14.2 million for additional UCC payments to rural hospitals and health clinics.
- \$2.6 million for 100 slots in the New Opportunities Waiver (NOW) Program.
- **An additional \$2.7 million to Medicaid for additional development and implementation of the Health Insurance Flexibility and Accountability (HIFA) waiver**

The funding is for the cost of 3,000 participants in the LaChoice component of the HIFA waiver. The LaChoice Program provides a health insurance premium subsidy to defray premium costs for adults who work for small employers who agree to offer the LaChoice private insurance product. Total funding for LaChoice premiums will be \$3.6 million in FY 05-06.

- **An additional \$47.0 million over FY 04-05 for the Medicare Buy-Ins and Supplements Program**

The Medicare Buy-In Program is for low-income individuals who would not be able to afford Medicare premiums. Medicaid funds are used to subsidize payment of Medicare premiums for designated categories of needy, eligible individuals. The additional funding provides for premium increases and for new enrollees who are determined to be eligible for the Medicare Buy-In Program when applying for programs associated with Medicare Part D. The Medicare Drug Bill created Medicare Part D to help Medicare recipients with the cost of prescription drugs and will begin in January 2006.

- **\$297.2 million in additional funding for state services and some non-state hospitals from revenue associated with the hospital provider fee**

A significant financing mechanism of health care services in FY 05-06 is the hospital provider fee (Act 182 of 2005 R.S.). Final implementation of the provider fee will be based on Centers for Medicare and Medicaid Services (CMS) approval, which DHH is currently seeking. The fee will be assessed at 1.5% of total net patient revenue of many non-state hospitals. The fee is expected to generate \$89 million in FY 05-06, which will be matched with federal dollars for a total of \$297.2 million. The total revenue from the fee will be used as follows:

- \$120.4 million for continuation of health care services through Medicaid.
- \$101.1 million for reimbursement rate increases in some non-state hospitals.

- \$75.7 million for payments of 75% of UCC in some non-state hospitals.

New Orleans Home and Rehabilitation Center

- **\$7.2 million for restoration of funding to continue operations**

The New Orleans Home and Rehabilitation Center is licensed as a nursing home facility and provides skilled and intermediate nursing care. The Executive Budget recommended closure of the facility in FY 05-06; however, House committee amendments restored FY 04-05 level funding of \$7.2 million to the New Orleans Home for it to continue operation.

There have been discussions to close the New Orleans Home for many years. The recommendation was made in part because there is only a 77% statewide occupancy rate in other nursing homes. Similar occupancy rates apply in the New Orleans area. A goal of the administration in the health care reform initiative is to move away from providing residential care as the primary options for individuals in need of nursing care.

Office of Public Health

- **\$1.5 million in additional State General Fund for smoking and tobacco prevention program activities**
- **\$2.3 million in additional State General Fund and positions for personal health service programs**

- \$1.65 million SGF and 30 positions in the Personal Health Services Program.

The Executive Budget recommended the elimination of 140 positions, or about 7% of OPH total positions, through personnel reductions.

- \$650,000 for immunizations for children up to two years old.

Office of Mental Health

- **\$9.5 million restoration of State General Fund and 210 positions throughout the state including:**
 - \$900,000 and nine positions in the state office.
 - \$1.8 million and 33 positions in Mental Health Area C (central and northern Louisiana).
 - \$4.6 million and 93 positions in Mental Health Area B (south central).

- \$2.2 million and 75 positions in Mental Health Area A (southeast).

The FY 05-06 Executive Budget recommended reductions totaling over \$9 million from the FY 04-05 budget in the area of mental health. In an effort to meet the recommendation, the Office of Mental Health proposed the closure of all 17 rural mental health clinics, as well as closure of other outpatient clinics and some hospital-based programs.

Amendments adopted in the House Appropriations Committee restored \$5.1 million to the Mental Health Areas to be used for the rural health clinics and other programs proposed to be cut in FY 05-06. Senate and Conference Committee action restored positions and added an additional \$4.4 million to the Office of Mental Health to fill the budget shortfalls.

Office of Citizens with Developmental Disabilities

- **\$3.0 million restoration of State General Fund and 130 positions for the developmental centers**

A significant change to the Office of Citizens with Developmental Disabilities (OCDD) budget in FY 05-06 was the transfer of the nine developmental centers from their own budget units, to program budgets within the OCDD state office. The change was presented in the Executive Budget as the result of recommendations made by the governor's Health Care Reform Panel. House and Senate committee amendments added language to the Appropriations Bill that requires approval when funding is moved from the developmental centers to state or regional offices. The change is the first step in a long-term plan to provide flexibility of funding in an effort to increase choice and community-based care system options and provide individuals with the care that is most appropriate.

LSU – Health Care Services Division (Charity Hospitals)

- **\$67.9 million increase in State General Fund, UCC, and Medicaid**

The following table demonstrates the total budget of LSU – HCSD for FY 04-05 and the total appropriated for FY 05-06.

LSU – Health Care Services Division (Charity Hospitals)				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	FY 05-06 Appropriated	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$27,765,870	\$78,166,380	\$50,400,510	181.5%
Medicaid	\$230,215,837	\$264,558,501	\$34,342,664	14.9%
Uncompensated Care Overpayment	\$57,623,003	\$0	(\$57,623,003)	(100%)
Uncompensated Care Costs (UCC)	\$405,827,617	\$449,255,804	\$43,428,187	10.7%
Other	\$127,370,552	\$124,743,390	(\$2,627,162)	(2.1%)
TOTAL	\$848,802,879	\$916,724,075	\$67,921,196	8.0%

The hospitals of the LSU – Health Care Services Division (HCSD) were appropriated over 100% of their requested need for continuation budget. According to information provided by HCSD, the hospitals should have sufficient funding to maintain services and possibly enhance services that had been reduced previously. The LSU Board of Supervisors must approve the final allocation of funds appropriated to the HCSD hospitals.

- **Total capital outlay funding of approximately \$810 million is provided for hospitals in the HCSD**

This funding provides for planning and construction for hospitals in the HCSD. The majority of the funding is allocated for a new Medical Center of Louisiana - New Orleans ("Big Charity"), a new Huey P. Long Medical Center, and a new University Medical Center – Baton Rouge. Earl K. Long Medical Center in Baton Rouge is currently under provisional accreditation by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). The JCAHO has threatened loss of accreditation if the state does not make plans to upgrade the existing hospital or construct a new hospital. Loss of accreditation for the hospital would result in loss of accreditation for Graduate Medical Education Programs. The Capital Outlay Act contains \$24 million for land acquisition and planning for a new University Medical Center – Baton Rouge. The total anticipated cost of the facility is \$400 million. Location and construction financing strategies are still being discussed.

\$	3.0 million	State General Fund (Direct)
\$	12.9 million	Fees and Self-generated Revenue
\$	706.3 million	Revenue Bonds
\$	800,000	Priority 1
\$	3.2 million	Priority 2
\$	3.7 million	Priorities 3 and 4
\$	81.0 million	Priority 5

**SOCIAL SERVICES AND
TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)**

SCHEDULE 10 - DEPARTMENT OF SOCIAL SERVICES				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$205,360,104	\$209,566,486	\$4,206,382	2.05%
Interagency Transfers	\$65,799,203	\$60,583,938	(\$5,215,265)	(7.93%)
Fees and Self-generated	\$16,079,064	\$15,904,064	(\$175,000)	(1.09%)
Statutory Dedications	\$8,650,261	\$7,501,857	(\$1,148,404)	(13.28%)
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$653,228,080	\$637,004,737	(\$16,223,343)	(2.48%)
TOTAL	\$949,116,712	\$930,561,082	(\$18,555,630)	(1.96%)
Authorized Positions	5,325	5,269	(56)	(1.05%)

The increase in SGF is a result of additional funds for residential care reimbursement in the Office of Community Services, the Safe Haven Initiative, and several other line item community projects. The reduction in federal funding is from nonrecurring carry-forwards. 107 positions and related funding were eliminated from the Office of Family Support in the Executive Budget. 50 positions were restored during the budget process.

- **\$6.8 million is appropriated in federal funds to restore 50 positions and for related activities of Support Enforcement Services**
- **\$3.5 million is appropriated in State General Fund (\$2.04 million) and federal funds (\$1.47 million) for residential care reimbursement for children in custody of the department**
- **\$198,872 is appropriated in Statutory Dedications from the Blind Vendors Trust Fund to cover insurance premiums for blind vendors working in retired from the Randolph-Sheppard Program**
- **\$75,000 million is appropriated in State General Fund for marketing of the Safe Haven Initiative**

The Safe Haven Initiative refers to a designated emergency care facility where a parent may anonymously leave his/her infant child, with the intent of placing the child for adoption, without fear of prosecution. The relinquishing parent has 30 days to seek to reclaim parental rights of the infant.

Temporary Assistance to Needy Families (TANF)

- **\$118.0 million in federal funds is appropriated to support core DSS TANF activities**

Currently Congress is debating the five-year reauthorization plan and recently extended the block grant through September 30, 2005. The principle elements of the TANF reauthorization plan are (1) increased work requirements for all families; (2) changes to "countable" participation activities and requiring that 24 hours include "direct work" activities; (3) implementation of a "universal engagement" plan for all families receiving aid; (4) increasing state welfare-to-work participation rates to 70% by FY 06-07, and (5) replacing the caseload reduction credit with employment credit, whereby recipients who exit with income may be counted towards state participation.

In FY 03-04, to comply with the new federal guidelines, the Department of Social Services reorganized the FINDWORK Program (Act 58 of 2003 R.S.). The new program, "Strategies to Empower People" (STEP), emphasizes a case management approach within the Department of Social Services and involves the Workforce Commission and the Department of Labor in the effort to move people from welfare to work. The department is planning an evaluation of the STEP Program during FY 05-06.

The following are the DSS FY 05-06 core TANF activities budgeted:

➤ **\$62.5 million for Cash Assistance Payments**

This allocation represents a \$3.0 million reduction from FY 04-05.

➤ **\$20.5 million for STEP Activities and Support Services**

STEP assists FITAP recipients with educational, training, and work-related activities designed to lead to employment and self-sufficiency. To facilitate attendance and successful completion of these activities, the program provides supportive services when needed such as childcare, transportation, eyeglasses, and other items necessary for training or employment.

➤ **\$35 million for Administration**

Funds assist DSS in the maintenance of the core TANF activities.

- **\$52.0 million in federal funds is appropriated to support additional TANF initiatives**

TANF Initiatives funding for FY 04-05 was \$57.7 million. FY 05-06 Initiative funding is \$57.5 million. Each initiative must comply with federal requirements and meet one of the following TANF goals: (1) to provide assistance to needy families; (2) to end the dependence of needy families by promoting work, job preparation, and marriage; (3) to reduce out-of-wedlock pregnancies; and (4) to encourage the

formation and maintenance of two-parent families. FY 05-06 TANF Initiatives include the following:

➤ **\$67.5 million for Public Pre-K**

The LA4 Program, administered by the Department of Education, provides high quality early childhood education for low-income four-year-olds in participating school districts. \$17 million is funded by TANF, \$38 million is State General Fund, and \$12.5 million is 8 (g) funds. This allocation represents a \$20 million total funding increase from FY 04-05.

➤ **\$8.5 million for Nonpublic Pre-K**

This program, administered by the Office of Community Programs in the Office of the Governor, provides for coordination of high quality early childhood education for low-income four-year olds in nonpublic schools in New Orleans, Lafayette, Shreveport, and Baton Rouge, and other localities with identified capacity to offer programming through nonpublic schools. This allocation represents no change from FY 04-05.

➤ **\$9.5 million for After-School Activities**

This program, administered by the Department of Education, is to provide high quality after-school education and enhancement programs for school-age children through qualified community-based organizations. This allocation represents no change from FY 04-05.

➤ **\$5.5 million for Teen Pregnancy Prevention (TPP)**

This program, which was administered by the Department of Education in FY 04-05, will now be administered by the Department of Social Services. TPP provides teen pregnancy prevention initiatives through qualified community-based organizations. This allocation represents no change from FY 04-05.

➤ **\$3.0 million for Court Appointed Special Advocates (CASA)**

This program, administered by the Louisiana Supreme Court, provides court appointed special advocates to needy children. This allocation represents no change from FY 04-05.

➤ **\$5.0 million for Drug Courts**

This program, administered by the Louisiana Supreme Court, provides non-medical substance abuse services for low-income parents and juveniles. This allocation represents no change from FY 04-05.

➤ **\$4.2 million for Substance Abuse Initiatives for Women**

This program, administered by the Department of Health and Hospitals, Office of Addictive Disorders, provides non-medical substance abuse treatment for women with minor children. Funding is State General Fund to fulfill the TANF maintenance of effort requirement. This allocation represents no change from FY 04-05.

- **\$2.8 million for Early Childhood Intervention**
This program, administered by the Department of Health and Hospitals, Office of Mental Health, provides early childhood prevention and intervention non-medical services focusing on mental health supports for at-risk children ages 0-5 and their families. Funding is State General Fund to fulfill the TANF maintenance of effort requirement. This allocation represents no change from FY 04-05.
- **\$1.0 million for Individual Development Accounts**
This program, administered by the Department of Social Services, Office of Family Support, provides for asset development and savings opportunities for low-income individuals toward home ownership, business ownership, and educational advancement. The initiative was funded in FY 02-03 at \$1 million.
- **\$750,000 for Micro-Enterprise Development**
This program, administered by the Department of Economic Development, provides access by the eligible population to business capital, technical assistance, and training in an effort to become self-sufficient. The initiative was funded in FY 03-04 at \$640,000.
- **\$700,000 for Truancy Programs**
This program, administered by Louisiana State University at Baton Rouge, provides for truancy and assessment intervention services for at-risk, school-aged children. The initiative was funded in FY 03-04 at \$2.4 million.
- **\$500,000 for Abortion Alternatives**
This program, administered by the Department of Social Services, Office of Family Support, provides for efforts to improve the birth outcomes of women experiencing unplanned pregnancies. The initiative was funded in FY 03-04 at \$1.5 million.
- **\$325,000 for Foster Care Developmental and Socialization Activities Program**
This program, administered by the Department of Social Services, Office of Family Support, provides for developmental and socialization activities that will improve self-esteem and peer interaction for children ages 6-17 years in foster care.
- **\$315,000 for Increased Earned Income Tax Credit Applications**
This program, administered by the Department of Social Services, Office of Family Support, provides for a goal of increasing the rate of application for the Earned Income Tax Credit by the TANF eligible population in the state.

PUBLIC SAFETY AND CORRECTIONS

Corrections Services

SCHEDULE 08 - DEPARTMENT OF CORRECTIONS				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$382,743,424	\$399,306,878	\$16,563,454	4.33%
Interagency Transfers	\$5,998,439	\$3,995,641	(\$2,002,798)	(33.39%)
Fees and Self-generated	\$35,664,783	\$34,394,706	(\$1,270,077)	(3.56%)
Statutory Dedications	\$700,000	\$0	(\$700,000)	0.00%
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$6,293,208	\$3,609,151	(\$2,684,057)	(42.65%)
TOTAL	\$431,399,854	\$441,306,376	\$9,906,522	2.30%
Authorized Positions	6,343	6,352	9	0.14%

The majority of the State General Fund increase in Corrections was due to standard adjustments. Corrections received a \$9.1 million increase for merits and annualization of merits, a \$3 million increase for health insurance costs, and a \$2.7 million increase for retirement rate adjustments. The \$2.6 million decrease in federal funds was due to an elimination of excess budget authority for the Federal Violent Offender Incarceration/Truth in Sentencing (VOITIS) Program.

- **\$156.2 million State General Fund appropriated in FY 05-06 for sheriffs' housing of state inmates**

R.S. 15:824(B) provides that the state shall pay local sheriffs \$22.39 per inmate per day to house adult state inmates in local jails. In FY 04-05, \$152 million was initially appropriated for sheriffs' payments and another \$7.4 million was added in the FY 04-05 Supplemental Appropriation Bill, for a total cost of \$159.4 million. The state has approximately 37,000 adult inmates of whom 17,500 are housed in local jails.

The chart below illustrates the percent change in the number of state inmates and where they are housed from FY 98-99 to FY 04-05. Although the annual percent growth in total state inmates in Louisiana is less than the southern average of two percent growth, Louisiana continues to rely heavily on local jails to incarcerate state inmates. Consequently, FY 04-05 was the third consecutive year in which Louisiana must make a supplemental appropriation to the funding of sheriffs' housing of state inmates.

Fiscal Year	Inmates in State Facilities (a)	Percent of Total	Inmates in Local Jails (b)	Percent of Total	Total State Inmates
FY 98-99	19,303	59%	13,213	41%	32,516
FY 99-00	19,505	57%	14,837	43%	34,342
FY 00-01	19,528	56%	15,616	44%	35,144
FY 01-02	19,733	55%	16,021	45%	35,754
FY 02-03	19,770	55%	16,311	45%	36,081
FY 03-04	19,595	54%	16,768	46%	36,363
FY 04-05 (c)	19,566	53%	17,447	47%	37,013

(a) Source: SLC Comparative Data Report

(b) Source: Sheriffs' Housing Sheets

(c) Source: Corrections Monthly Raw Data Projections

- **\$1.5 million State General Fund to the David Wade Correctional Center for seven months of expenditures for 50 beds for geriatric inmates**

These funds will be used to provide additional beds for more of Corrections' increasingly aging population. These new beds will allow the department to house inmates, who are recovering from medical procedures, at the correctional institution instead of having these inmates recuperate in a more costly hospital setting.

- **\$759,154 State General Fund and 11 correctional officer positions added to Dixon Correctional Institute for operating costs for a 200-bed trustee dormitory, which is expected to be completed in August 2005**

This trustee dormitory will house those Dixon Correctional Institute trustee inmates who constitute the janitorial work crew for the state office buildings in downtown Baton Rouge. This new dormitory will free up space at an offsite compound currently occupied by these trustee inmates. This will allow the department to move youthful offenders to this offsite compound so that they can be separated from the adult general population.

Youth Services

SCHEDULE 08 - YOUTH SERVICES				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$115,759,847	\$122,397,939	\$6,638,092	5.73%
Interagency Transfers	\$14,076,788	\$13,048,381	(\$1,028,407)	(7.31%)
Fees and Self-Generated	\$258,550	\$242,500	(\$16,050)	(6.21%)
Statutory Dedications	\$3,163,258	\$3,000,000	(\$163,258)	(5.16%)
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$388,309	\$689,136	\$300,827	77.47%
TOTAL	\$133,646,752	\$139,377,956	\$5,731,204	4.29%
Authorized Positions	1,362	1,362	0	0.00%

Youth Services received a \$1.3 million State General Fund increase for standard salary adjustments, a \$1 million increase for health insurance, and \$460,000 for retirement rate adjustments. An additional \$1.3 million in State General Fund was used to provide for 20 community-based residential slots for female youth and an additional \$400,000 in State General Fund will pay for office rental space at the State Police Headquarters Building.

- **\$1.3 million State General Fund increase in Contract Services to provide for 20 community-based residential slots specifically directed to the needs of female youth**

These additional community-based slots will allow Youth Services to move the remaining female offenders who are in secure care to non-secure care programs.

- **\$676,526 increase in State General Fund for increased salaries and related benefits for the reclassification of correctional officer positions to youth care worker positions**

The new youth care worker position will require different job qualifications, advanced training and testing requirements. Youth Services anticipates that 50% of juvenile service officers will move into this new classification.

- **\$899,264 increase in Statutory Dedications from the Youthful Offender Management Fund to the Contract Services Program for community-based services for juvenile offenders**

Youth Services has made an effort to move away from secure care and provide more community-based services to youthful offenders. As of December 2004, there were 578 juvenile offenders in secure care, 730 in non-secure care, 4,098 probationers, and 344 parolees. Secure care bed capacity will be 660 in FY 05-06: 241 at Swanson Correctional Center, 324 at Jetson Correctional Center, and 95 at Bridge City Correctional Center.

Recidivism rates approach 55% over an eight-year period from the time of the offender's release. The average cost per juvenile for the different youth services is displayed in the table below:

AVERAGE COST PER JUVENILE							
	FY 99-00	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06
Secure Care (per day)	\$88	\$120	\$128	\$155	\$237	\$210	\$218
Residential (per day)	\$88	\$87	\$87	\$88	\$92	\$87	\$107
Non-residential (per case)	\$2,869	\$3,255	\$3,389	\$3,368	\$2,271	\$3,000	N/A

- **\$400,000 State General Fund in Youth Development Administration to pay Public Safety Services for rental of office space at the Louisiana State Police Headquarters Building**

Youth Services moved their administration from the buildings where the Department of Corrections is located. Youth Development will pay Public Safety Services for the rental of this new office space.

Public Safety Services

SCHEDULE 08 - DEPARTMENT OF PUBLIC SAFETY				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$100,000	\$6,533,853	\$6,433,853	6433.85%
Interagency Transfers	\$50,308,749	\$50,459,173	\$150,424	0.30%
Fees and Self-Generated	\$104,982,827	\$109,516,516	\$4,533,689	4.32%
Statutory Dedications	\$159,165,771	\$161,940,860	\$2,775,089	1.74%
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$20,912,839	\$25,979,187	\$5,066,348	24.23%
TOTAL	\$335,470,186	\$354,429,589	\$18,959,403	5.65%
Authorized Positions	2,900	2,854	(46)	(1.59%)

The Department of Public Safety received a \$2 million State General Fund increase to partially fund a retirement rate adjustment. State General Fund was also increased by \$2.8 million to fund gasoline increases and to pay debt service on the purchase of two new helicopters. An additional \$411,250 in State General Fund was added to pay for State Police aviation maintenance. Increases in Fees and Self-generated Revenue were used to fund standard salary adjustments in State Police and in the Office of Motor Vehicles. Federal budget authority increased by \$5 million in the Louisiana Highway Safety Commission. These funds were transferred from the Department of Transportation and Development due to the state's failure to pass an open container law that meets federal guidelines.

- **\$7.1 million increase for an increase in State Police retirement contributions. Of this amount, \$2 million is State General Fund, \$4.5 million Statutorily Dedicated gaming funds, and approximately \$500,000 from Fees and Self-generated Revenue**

Louisiana State Police Retirement System state contributions increased \$6.3 million in FY 04-05 and increased by an additional \$7.1 million for a total FY 05-06 cost of \$34 million. These substantial increases are the result of a combination of factors including a \$15.6 million salary increase in FY 02-03, recently increased member benefits, and poor investment returns of the retirement funds.

- **\$2.9 million increase in Statutory Dedications to State Police through Riverboat Gaming Enforcement (\$473,733) and Transportation Trust Fund (\$2,519,219) for partial financing of state police vehicles**

State Police requested \$9.1 million to replace 412 vehicles that had at least 100,000 miles. The department purchased 318 vehicles in FY 04-05 and plans to purchase 164 vehicles in FY 05-06.

- **\$3.3 million in Statutorily Dedicated funds were placed in the Criminal Identification and Information Fund within State Police from proceeds realized from the FY 04-05 savings target of 1.75%, which will be used to provide for DNA sampling of convicted offenders and felony arrestees**

The Louisiana State Police (LSP) Crime Lab continues to collect, analyze, and file DNA on convicted offenders and felony arrestees. Approximately 98,000 convicted offender and arrestee samples have been collected, but only 2,457 have been analyzed and uploaded into the DNA database. LSP has also uploaded 2,338 DNA profiles from forensic cases into the state database. To date, a total of 35,196 DNA profiles have been added to the state DNA database. The Department of Public Safety is in the process of a \$5 million renovation and expansion that will add 16,000 square feet to the State Police Crime Lab. Construction is scheduled to begin in July 2005.

- **\$2.8 million Statutory Dedications from the Video Draw Poker Device Fund from prior year collections for acquisition of a new video poker computer monitoring system**

There are approximately 14,172 video poker devices throughout the state of Louisiana which are connected to a central computer system in Baton Rouge. This system controls all the gaming activities and reports all financial information relative to these machines. The current maintenance agreement for the central computer system expires in 2006. The outdated hardware and software of this system needs to be replaced, as the computer components and replacement parts are becoming more difficult to purchase and maintain. A request for proposal outlining the requirements of the new computer system has already been published.

- **\$2.8 million State General Fund in State Police to fund rising fuel costs and debt service on new helicopters**

State Police made their initial budget request during the end of 2004 and since that time oil prices and fuel prices have risen significantly. Also, because of the crash of a State Police helicopter in 2003, State Police has purchased two new helicopters to upgrade their fleet. These funds will help offset the debt service on the purchase agreement for the two Bell 430 helicopters which were purchased at a cost of \$7.5 million. State Police also received \$411,250 in State General Fund for maintenance costs of all state police aircraft.

OTHER

'Other' includes Economic Development, Culture, Recreation and Tourism, Labor, Environmental Quality, Natural Resources, Wildlife and Fisheries, Agriculture and Forestry, Transportation and Development, and Capital Outlay. The following table is the total means of financing for all departments included in 'Other':

OTHER				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$152,307,548	\$141,092,395	(11,215,153)	(7.36%)
Interagency Transfers	\$51,482,435	\$49,938,299	(1,544,136)	(3.00%)
Fees and Self-generated	\$188,657,312	\$194,996,710	6,339,398	3.36%
Statutory Dedications	\$1,634,208,590	\$1,637,922,463	3,713,873	0.23%
Interim Emergency Bd.	\$0	\$0	0	0.00%
Federal	\$290,831,654	\$305,308,408	14,476,754	4.98%
TOTAL	\$2,317,487,539	\$2,329,258,275	11,770,736	0.51%
Authorized Positions	10,431	10,408	(23)	(0.22%)

ECONOMIC DEVELOPMENT

'Economic Development' includes the Departments of Economic Development, Culture, Recreation and Tourism, and Labor.

ECONOMIC DEVELOPMENT

SCHEDULE 05 - DEPARTMENT OF ECONOMIC DEVELOPMENT				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$42,837,060	\$31,855,334	(\$10,981,726)	(25.64%)
Interagency Transfers	\$235,632	\$800,000	\$564,368	239.51%
Fees and Self-generated	\$2,092,693	\$1,006,541	(\$1,086,152)	(51.90%)
Statutory Dedications	\$50,471,344	\$37,267,366	(\$13,203,978)	(26.16%)
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$550,000	\$0	(\$550,000)	(100.00%)
TOTAL	\$96,186,729	\$70,929,241	(\$25,257,488)	(26.26%)
Authorized Positions	100	100	0	0.00%

FY 05-06 reduction in SGF is due to a means of financing substitution with the statutorily dedicated Rapid Response Fund, which was created by Act 398 of 2005 R.S. The

reduction in Statutory Dedications is from nonrecurring carry-forwards of the Louisiana Economic Development Fund.

- **\$10.0 million in State General Fund is appropriated for the Governor's Economic Development Rapid Response Program**

Funding to provide for a rapid response capability for securing economic development opportunities for the state.

- **\$4.3 million in Statutory Dedications is appropriated for the University of New Orleans Research and Technology and Innovation-Northrop/Grumman Ship Systems/Avondale Operations project**

Funding represents the ninth year of a \$52 million, 15-year commitment for the design and construction of 12 of the PD-17 class vessels.

- **\$4.2 million is a one-time appropriation in Statutory Dedications from the Marketing Fund for advertising, promotion, and marketing related services**

\$3.6 million is from the current year Rapid Response appropriation and \$620,000 is the Marketing Fund balance.

- **\$3.5 million in Statutory Dedications is appropriated for the Northrop Grumman/Avondale project**

Funding represents the third year of a 20-year state commitment, which is a cooperative endeavor agreement between the Department of Economic Development, Department of Labor, Division of Administration, Louisiana Community and Technical Colleges System, and Northrop Grumman Ship Systems. Funds will be used as debt service on infrastructure projects.

- **\$2.8 million in State General Fund is appropriated for the Louisiana Technology Park**

The Louisiana Technology Park allocation represents a \$500,000 increase from FY 04-05, which represents the sixth year of a seven-year state commitment. The park has 16 member companies, which include a golf and turf industry software company, security software and services company, scientific instrument design and fabrication company, and a company that discovers, develops, and commercializes small molecules for cancer and immunological diseases.

- **\$2.0 million in State General Fund is appropriated and \$20.5 million in capital outlay funding is provided for operating expenses of the New Orleans, Shreveport, and Baton Rouge wet labs**

The state provides continued support to establish a network of three wet lab incubators in Shreveport, Baton Rouge, and New Orleans. Included is \$13.5 million in Priority 1 and \$6.9 million in Priority 5 bond funding. Capital outlay funding for FY 04-05 was \$18 million.

- **\$1.9 million is appropriated in State General Fund for economic development activities in several regions throughout the state to assist in economic growth in Louisiana's parishes**

\$ 337,996	Greater Baton Rouge Economic Partnership/Louisiana Capital Area Economic Development Alliance
\$ 434,566	Greater New Orleans Development Foundation
\$ 310,481	Northeast Louisiana Economic Alliance
\$ 344,855	South Louisiana Economic Development Council
\$ 175,000	Southwest Louisiana Partnership for Economic Development
\$ 150,000	Northwest Louisiana Economic Development
\$ 100,000	Central Louisiana Economic Development Alliance

- **\$1.8 million in State General Fund and \$19.2 million in capital outlay funding are appropriated for the Louisiana Gene Therapy Consortium**

The Louisiana Gene Therapy Research Consortium (LGTRC) was formed by a cooperative endeavor between Louisiana institutions of higher education to (1) increase gene therapy research, (2) increase jobs and training in biotechnology, and (3) to educate the public in genetics and gene therapy. This funding will provide operating expenses during the second year of the new Good Manufacturing Process (GMP) gene therapy lab. Capital outlay funding includes \$7.45 million in Priority 1 and \$11.7 million in Priority 5 bond funding. Capital outlay funding for FY 04-05 was also \$19.2 million.

- **\$1.0 million is appropriated in State General Fund to the England Economic and Industrial Development District**

Funding for repayment of debt service for public infrastructure to construct a manufacturing facility in Alexandria for Union Tank Car. FY 05-06 is the first year of a 15-year commitment.

- **\$600,000 in State General Fund is appropriated for the Small Business Development Centers (SBDC) located on university campuses around the state**

The SBDC's provide management assistance and business counseling to small businesses.

- **\$400,000 in State General Fund is appropriated for the National Center for Security Research and Training**

Funding is provided to the Department of Military Affairs for grants, which will serve as local match to leverage federal funds for homeland security projects that have an economic impact for the state.

- **\$1.7 million in State General Fund is appropriated for the Sugar Bowl, the Independence Bowl, and the New Orleans Bowl**

The Sugar Bowl is funded at \$1.0 million, the Independence Bowl is funded at \$359,000, and the New Orleans Bowl is funded at \$335,000.

- **\$25.5 million in capital outlay funding is appropriated for the Acadiana Immersion Technology Center (ACITC)**

The capital outlay appropriation provides funding for ACITC to develop and manage a technology center to support companies that are leaders in high technology, technology-related activities, commercial and government research, and educational activities. The center will be situated within a 400-acre university complex containing existing federal, state, and local research facilities, horticultural centers, parks, a domed arena, a convention center, and an athletic facility in Lafayette. Included is \$18.0 million in Priority 1 and \$7.5 million in Priority 2 bond funding. Capital outlay funding for FY 04-05 was \$18 million.

- **\$9.3 million in capital outlay funding is provided for the Economic Development Awards Program (EDAP)**

These funds are for infrastructure projects to assist the state in securing business deals that would benefit economic development efforts. Included is \$3.7 million in Priority 1, \$5.0 million in Priority 2, and \$730,000 in Priority 5 bond funding. Funding for FY 04-05 was \$6.7 million.

CULTURE, RECREATION AND TOURISM

SCHEDULE 06 - DEPARTMENT OF CULTURE, RECREATION AND TOURISM				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$46,374,109	\$47,997,778	\$1,623,669	3.50%
Interagency Transfers	\$887,667	\$760,067	(\$127,600)	(14.37%)
Fees and Self-generated	\$19,267,762	\$18,867,820	(\$399,942)	(2.08%)
Statutory Dedications	\$40,000	\$40,000	\$0	0.00%
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$6,402,195	\$6,874,342	\$472,147	7.37%
TOTAL	\$72,971,733	\$74,540,007	\$1,568,274	2.15%
Authorized Positions	738	766	28	3.79%

- **\$1.9 million is appropriated for the Louisiana Library Connection**

These funds are used to increase Internet and database access in local libraries by using existing state fiber-optic networks and thus allowing the libraries to benefit from telecommunications discounts available to libraries.

- **\$1.5 million is provided to maintain state aid to local libraries**

These funds are used for acquisition of computer and telecommunications technologies by local libraries, including further automation of library operations. Funds may also be used for the acquisitions of books, audiovisual materials, newspapers, and periodicals. This is the same level of funding as in FY 02-03.

- **\$800,000 State General Fund has been added to fund the addition of Hodges Gardens to the state park system**
- **\$1.1 million in State General Fund is appropriated for the Capitol Park Museum**
- **\$4.7 million is appropriated for the Arts Grants Program (\$4.1 million in SGF)**

These funds are used to support established arts institutions, nurture emerging arts organizations, assist individual artists, encourage the expansion of audiences, and stimulate public participation in the arts.

- **\$34.0 million is appropriated in capital outlay funding for museums in the Department of Culture, Recreation and Tourism and the Secretary of State**

These funds will be used for the planning, construction, repair, and improvement of various state and local museums, including \$7.6 million for the Louisiana Sports Hall of Fame Museum, \$4.1 million for the Civil Rights Museum, and \$3.9 million for renovation of the Old State Capitol. Total funding includes \$1.5 million in federal funds and bond funding of \$3.6 million in Priority 1, \$3.1 million in Priority 2, \$8.1 million in Priority 3, \$4.4 million in Priority 4, and \$13 million in Priority 5.

- **\$92.2 million is appropriated in capital outlay funding for state parks and historic sites**

These funds will be used for the planning, construction, repair, improvement, and acquisition of various state parks and historic sites. Funding includes \$5.5 million from the State Parks Improvement and Repair Fund for preventive maintenance, \$1 million in federal funds, \$50,000 in Reappropriated Cash, and bond funding of \$41.4 million in Priority 1, \$8.3 million in Priority 2, \$2.2 million in Priority 3, \$2.2 million in Priority 4, and \$31.3 million in Priority 5.

LABOR

SCHEDULE 14 - DEPARTMENT OF LABOR				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$600,000	\$375,000	(\$225,000)	(37.50%)
Interagency Transfers	\$6,366,005	\$7,590,656	\$1,224,651	19.24%
Fees and Self-generated	\$0	\$0	\$0	0.00%
Statutory Dedications	\$103,117,205	\$110,967,915	\$7,850,710	7.61%
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$140,454,757	\$147,828,858	\$7,374,101	5.25%
TOTAL	\$250,537,967	\$266,762,429	\$16,224,462	6.48%
Authorized Positions	1,208	1,208	0	0.00%

The FY 05-06 increase in statutory dedications provides for an increase in collections of the Louisiana Workers' Compensation 2nd Injury Board to fund its operations and the payment of claims and an increase in the Penalty and Interest Account for IT projects. The increase in federal funds is the result of additional budget authority needed for the Community Services Block Grant (CSBG), which will eliminate the need for an annual BA-7.

The department will be making cuts during FY 05-06 to the Workforce Investment Act and Unemployment Insurance Programs due to federal budget constraints as well as budget shortfalls within the department. An approximate \$6 million shortfall will result

in 91 positions (temporary and probational) being eliminated and several contracts not being renewed. It is expected that the department will receive additional federal cuts to the Workforce Investment Act Program next fiscal year.

ENVIRONMENT AND NATURAL RESOURCES

'Environment and Natural Resources' includes the Departments of Environmental Quality, Natural Resources, Wildlife and Fisheries, and Agriculture and Forestry.

ENVIRONMENTAL QUALITY

SCHEDULE 13 - DEPARTMENT OF ENVIRONMENTAL QUALITY				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$7,570,000	\$7,099,513	(\$470,487)	(6.22%)
Interagency Transfers	\$16,967	\$27,868	\$10,901	64.25%
Fees and Self-generated	\$515,000	\$515,000	\$0	0.00%
Statutory Dedications	\$116,460,892	\$123,096,136	\$6,635,244	5.70%
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$17,658,503	\$18,534,583	\$876,080	4.96%
TOTAL	\$142,221,362	\$149,273,100	\$7,051,738	4.96%
Authorized Positions	1,021	1,044	23	2.25%

- **\$500,000 in federal funds for the Brownfields Cleanup Revolving Loan Fund**

Federal funds have been received to capitalize a revolving loan fund authorized by Act 655 of 2004 R.S. The fund will be used to provide low-interest loans that can be used towards the cleanup of qualifying brownfields' properties that will lead ultimately to property redevelopment and use. Brownfields are abandoned, idled, or under-used industrial and commercial facilities where expansion or redevelopment is complicated by real or perceived environmental contamination.

NATURAL RESOURCES

SCHEDULE 11 - DEPARTMENT OF NATURAL RESOURCES				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$8,350,063	\$7,308,707	(\$1,041,356)	(12.47%)
Interagency Transfers	\$11,748,925	\$12,368,273	\$619,348	5.27%
Fees and Self-generated	\$390,456	\$390,456	\$0	0.00%
Statutory Dedications	\$91,560,468	\$76,019,391	(\$15,541,077)	(16.97%)
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$44,361,725	\$43,989,855	(\$371,870)	(0.84%)
TOTAL	\$156,411,637	\$140,076,682	(\$16,334,955)	(10.44%)
Authorized Positions	512	508	(4)	(0.78%)

- **\$22.5 million is appropriated in capital outlay funding for Atchafalaya Basin projects**

These funds will be used for various Atchafalaya Basin restoration and enhancement projects, with match provided by federal, local and other funds (\$4.5 million in Priority 1, \$1.5 million in Priority 2, \$6 million in Priority 3, \$6 million in Priority 4, and \$4.5 million in Priority 5).

WILDLIFE AND FISHERIES

SCHEDULE 16 - DEPARTMENT OF WILDLIFE AND FISHERIES				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$80,000	\$150,000	\$70,000	87.50%
Interagency Transfers	\$8,586,344	\$7,788,144	(\$798,200)	(9.30%)
Fees and Self-generated	\$0	\$50,300	\$50,300	-
Statutory Dedications	\$61,786,151	\$63,289,256	\$1,503,105	2.43%
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$20,323,545	\$18,962,971	(\$1,360,574)	(6.69%)
TOTAL	\$90,776,040	\$90,240,671	(\$535,369)	(0.59%)
Authorized Positions	793	797	4	0.50%

- **\$10 million is provided in capital outlay funding for wildlife land acquisition across the state (\$2.5 million from Stat. Ded. and \$7.5 million in Priority 5)**

AGRICULTURE AND FORESTRY

SCHEDULE 04 - DEPARTMENT OF AGRICULTURE AND FORESTRY				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$28,171,066	\$31,673,563	\$3,502,497	12.43%
Interagency Transfers	\$555,719	\$635,552	\$79,833	14.37%
Fees and Self-generated	\$9,859,721	\$9,820,469	(\$39,252)	(0.40%)
Statutory Dedications	\$59,301,603	\$43,133,802	(\$16,167,801)	(27.26%)
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$10,897,230	\$10,886,142	(\$11,088)	(0.10%)
TOTAL	\$108,785,339	\$96,149,528	(\$12,635,811)	(11.62%)
Authorized Positions	831	831	0	0.00%

- **\$23.9 million in Statutory Dedications is appropriated for the Boll Weevil Eradication Program for the 7th year in the Red River Region and the 6th year in the Northeast Region**

Of the \$23.9 million, \$9 million is to be used for the Northeast Eradication Zone, and \$2.9 million will be used for the Red River Eradication Zone. For the Northeast Eradication Zone, \$3 million will come from farmers (\$6 fee per acre) and \$6 million will come from the proceeds of a bank loan from Hibernia National Bank. Of the \$2.9 million for the Red River Eradication Zone, \$600,000 will come from the farmers (\$6 fee per acre) and \$2.3 million from the loan. The remaining \$12 million is from the Pari-Mutuel Live Racing Facility Gaming Control Fund (slots at the tracks), which is budgeted for the debt service payment on the Hibernia loan.

- **\$243,145 in State General Fund is appropriated for the Formosan Termite Initiative**

State General Fund has been appropriated for the Formosan Termite Initiative. This is the first new appropriation for the Formosan Termite Initiative since \$2 million was deposited in FY 01-02.

INFRASTRUCTURE

'Infrastructure' includes the Department of Transportation and Development and Capital Outlay.

TRANSPORTATION

SCHEDULE 07 - DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$850,000	\$1,640,000	\$790,000	92.94%
Interagency Transfers	\$1,380,176	\$6,867,739	\$5,487,563	397.60%
Fees and Self-generated	\$39,313,332	\$42,412,817	\$3,099,485	7.88%
Statutory Dedications	\$380,164,927	\$376,910,958	(\$3,253,969)	(0.86%)
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$13,536,591	\$12,301,533	(\$1,235,058)	(9.12%)
TOTAL	\$435,245,026	\$440,133,047	\$4,888,021	1.12%
Authorized Positions	5,228	5,154	(74)	(1.42%)

State transportation funding is financed primarily by taxes on gasoline and special fuels and vehicle licenses as Statutory Dedications, which accounts for 86% of the total means of financing for the DOTD operating budget. Almost all of this is Transportation Trust Fund (TTF) – primarily the gasoline tax and Federal Highway Administration funding.

The substantial increase in Interagency Transfer relates to Federal Highway Administration funding from the Highway Safety Commission for some of the items in the Hazard Elimination Safety Program, which had previously been appropriated in the capital outlay budget in prior years.

The FY 05-06 total means of financing is only \$4.9 million more than the FY 04-05 Operating Budget. This is a 1.1% increase in total means of financing. The DOTD Operating Budget is essentially at a standstill level.

However, as compared to the FY 04-05 budget, the budget for FY 05-06 has 74 fewer authorized positions. As part of a reorganization plan to consolidate functional areas and facilitate shorter communication lines between supervisors and administration, the FY 05-06 operating budget has moved 216 positions from the Office of Highways and the Office of Planning and Programming to the Operations Program and to Administration. The Operations Program is responsible for the field activities of the department. Administration is made up of the Office of the Secretary and the Office of Management and Finance. Another part of the departments reorganization plan is to reduce staff level by 425 positions by December 2007. The staff level authorized for FY 05-06 is 5,154.

- **\$1.0 million is appropriated as pass-through funding for local public works authorities**

- \$ 450,000 Louisiana Airport Authority (\$100,000 in FY 04-05)
- \$ 250,000 Lafayette Expressway Commission (\$250,000 in FY 04-05)
- \$ 50,000 Poverty Point Reservoir Commission (\$50,000 in FY 04-05)
- \$ 125,000 Zachary Taylor Parkway Commission (\$75,000 in FY 04-05)
- \$ 150,000 Fifth Levee District (\$50,000 in FY 04-05)

- **DOTD authorized capital outlay projects**

The Capital Outlay Act reflects the following appropriations for DOTD's various programs:

Highway Priority Program	\$ 673,855,702
Hazard Elimination Projects	\$ 12,400,000
Timed Program	\$ 66,157,674
Statewide Flood Control Program	\$ 10,000,000
Port Construction and Development Program	\$ 20,000,000
Aviation Improvements Program	\$ 6,348,263
All Other, Including Bond Projects	<u>\$ 571,288,303</u>
Total DOTD Authorized Construction Projects	<u>\$ 1,360,049,942</u>

DOTD's approved Highway Priority Program, outlined in the following table, reflects different totals because it includes TIMED Bonds, which are not appropriated in the annual capital outlay budget. The FY 05-06 values in the following table exclude the General Obligation Bond authorization indicated above.

DOTD – Highway Priority Program Allocation of Highway Priority Program Spending (For Programming Purposes)			
\$ Million			
	Actual FY 03-04	Actual FY 04-05	Estimated FY 05-06
Preservation Projects			
Non-Interstate (Pavement)	\$105.8	\$130.8	\$139.2
Interstate (Pavement)	\$25.0	\$61.2	\$45.0
Bridge (On System)	\$78.0	\$55.5	\$68.4
Bridge (Off System)	\$14.9	\$13.5	\$13.5
Operations Projects	\$37.4	\$31.0	\$54.6
Safety Projects	\$32.3	\$30.8	\$33.5
Capacity Expansion Projects			
Regular Program	\$69.2	\$93.3	\$90.0
TIMED Program	\$114.6	\$134.3	\$605.0
Other Projects			
Federal Enhancement Projects	\$6.1	\$8.1	\$8.1
Urban Systems, Construction Mitigation and Air Quality	\$37.2	\$34.1	\$39.0
Federal Earmarks and Demonstration Projects	\$37.4	\$17.3	\$25.2
TOTAL	\$579.9	\$609.9	\$1,121.5

- **Other priority programs**

DOTD will use cash management to control total outlays for the state's port and flood control priority programs. The Port Construction and Development Program appropriation of \$20 million will be used to support existing projects and authorize new projects not to exceed \$20 million. This is the same amount as in FY 04-05. The Statewide Flood Control Program appropriation of \$10 million will continue existing projects and allow new project starts of up to \$10 million. This is unchanged from FY 04-05. The State Aviation Improvements Program will receive TTF funds of \$5.3 million. It also receives TTF – Federal funds of \$1 million, for a total of \$6.3 million for continuing and new aviation projects in FY 05-06.

CAPITAL OUTLAY

Act 26 (HB 2 of 2005 R.S., the Capital Outlay Act for FY 05-06) contains appropriations from all means of financing of \$4,527,048,284. The bill also limits the total amount of General Obligation Bonds that may be issued to \$714,475,000 (\$401,475,000 carried-forward from FY 04-05, and \$313,000,000 new for FY 05-06). **The following amounts and percentages apply to "authorized" funding. The "actual" amounts and percentages will depend on which General Obligation Bond projects actually receive lines of credit and will depend on which Revenue Bond projects actually proceed to**

bond sales. General Obligation Bonds Priority 2 has \$256 million authorized, but only \$80 million is available for Priority 2 lines of credit.

The following table provides the itemization of the Act by all means of financing:

MEANS OF FINANCING	
State General Fund – Direct	\$ 12,992,500
Federal Cash	\$ 45,930,124
Federal Cash – TTF	\$ 566,287,500
Transportation Trust Fund	\$ 163,512,465
TIMED Cash	\$ 66,157,674
Other Statutory Dedications	\$ 11,240,000
Fees and Self-generated Revenue	\$ 120,204,249
Reappropriated Cash	\$ 1,434,158
Reappropriated Interest Earnings	\$ 294,900
Interagency Transfers	\$ 13,100,000
Revenue Bonds	\$ 1,065,195,890
Total Cash and Revenue Bonds	\$ 2,066,349,460
General Obligation Bonds	
Priority 1	\$ 634,205,000
Priority 2	\$ 255,917,000
Priority 3	\$ 375,149,736
Priority 4	\$ 289,422,000
Priority 5	\$ 902,390,600
Total General Obligation Bonds	\$ 2,457,083,736
NRP (surplus bond sale proceeds)	\$ 3,615,088
GRAND TOTAL	\$ 4,527,048,284
NRP is the allocation of surplus proceeds from previously sold bonds.	

Capital Outlay Appropriations by Expenditure Category

DOTD	\$ 1,360,049,942	30.0%
Education	\$ 688,229,726	15.2%
Other State	\$ 1,406,486,013	31.1%
Non-state	<u>\$ 1,072,282,603</u>	<u>23.7%</u>
	<u>\$ 4,527,048,284</u>	<u>100%</u>

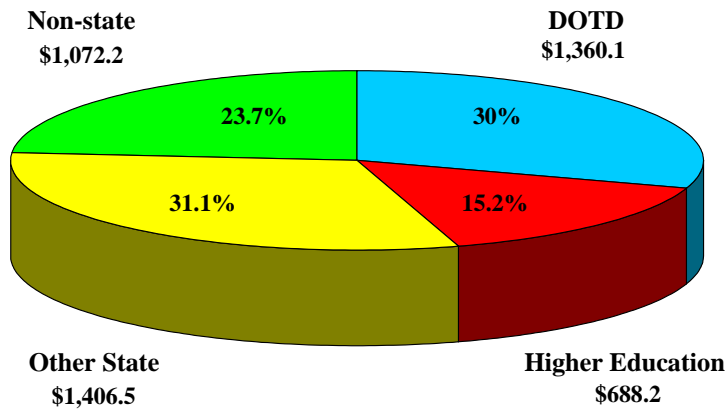
99.6% of the "Education" amount is for higher education. "Education" does not include Louisiana Health Sciences Center – Health Care Services Division, which is shown in "Other State".

"Non-state" includes ports, levee districts, parishes, municipalities, and other non-state entities.

Capital Outlay by Expenditure Area

Total = \$4,527.0

(In Millions of \$)



Capital Outlay for Non-State Entities:

Report on the Historical Distribution of Funding

The number of funded non-state entity projects in the capital outlay budget has grown dramatically in recent years and the perception seems to be that this has meant a corresponding dramatic increase in the percent of "discretionary" funding for non-state entity projects. However, the facts indicate that the percentage of "discretionary" funding actually made available for non-state entity projects has consistently remained around the one-third level for many years. The increased number of non-state entity projects is a result of more emphasis on the increasing use of local matching funds and funding large projects in phases, which has allowed for the state funding to be spread out over a larger number of projects. (Note: The complete report, which includes charts reflecting the statewide distribution of funding for non-state entity projects, is available upon request.)

GENERAL GOVERNMENT

'General Government' includes Executive, Veterans Affairs, State/Elections, Justice, Lieutenant Governor, Treasury, Public Service, Insurance, Revenue, Civil Service, Retirement Systems, Other Requirements, Ancillary, Non-Appropriated Requirements, Judicial Expense, Legislative Expense, and Special Acts. The following table is the total means of financing for all departments and areas included in 'General Government':

GENERAL GOVERNMENT				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$1,079,116,123	\$946,269,897	(132,846,226)	(12.31%)
Interagency Transfers	\$404,906,587	\$396,640,775	(8,265,812)	(2.04%)
Fees and Self-generated	\$1,288,231,982	\$1,326,995,983	38,764,001	3.01%
Statutory Dedications	\$511,447,465	\$537,660,421	26,212,956	5.13%
Interim Emergency Bd.	\$3,388,727	\$0	(3,388,727)	(100.00%)
Federal	\$243,555,720	\$241,955,973	(1,599,747)	(0.66%)
TOTAL	\$3,530,646,604	\$3,449,523,049	(81,123,555)	(2.30%)
Authorized Positions	5,824	5,926	102	1.75%

EXECUTIVE

SCHEDULE 01 - EXECUTIVE DEPARTMENT				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$150,290,533	\$143,339,560	(\$6,950,973)	(4.63%)
Interagency Transfers	\$66,501,972	\$62,277,393	(\$4,224,579)	(6.35%)
Fees and Self-generated	\$87,598,405	\$88,891,904	\$1,293,499	1.48%
Statutory Dedications	\$47,758,392	\$42,761,703	(\$4,996,689)	(10.46%)
Interim Emergency Bd.	\$3,167,067	\$0	(\$3,167,067)	(100.00%)
Federal	\$220,759,850	\$216,811,588	(\$3,948,262)	(1.79%)
TOTAL	\$576,076,219	\$554,082,148	(\$21,994,071)	(3.82%)
Authorized Positions	1,965	2,022	57	2.90%

The \$6.9 million reduction in State General Fund is the result of prior year expenditures in the Division of Administration (DOA), which will not occur in FY 05-06. Interagency transfer budget authority was reduced to nonrecur Temporary Assistance for Needy Family (TANF) expenditures in the DOA and to eliminate excess budget authority in the Executive Office. The increase in Fees and Self-generated Revenue is due to an annualization of a mid-year budget adjustment for the Wallace Foundation Grant Award

in the Executive Office. Statutory Dedications were reduced by \$2.5 million in the DOA for a nonrecurring judgment, which was paid from the 2004 Overcollections Fund and by \$2.4 million for nonrecurring carry-forwards in the Louisiana Technology Innovations Fund, also in the DOA. Interim Emergency Board funds in the Office of Military Affairs were reduced by \$3.1 million from prior year expenditures that were related to hurricanes and other natural disasters. The reduction in federal funds is attributable to the nonrecurrence of expenditures in the Workforce Commission Office related to the expiration of a Workforce Investment Act Incentive Grant from the U. S. Department of Labor. Federal funds were also reduced by \$2 million in the Louisiana Commission on Law Enforcement due to a reduction in the 2004 Juvenile Accountability Incentive Block Grant Award.

- **\$8.5 million State General Fund appropriated to the Office of Urban Affairs and Development**

Agencies and organizations receiving these funds must apply to the Governor's Office of Urban Affairs and Development. These funds are used for inner-city programs which feed the elderly, tutor at-risk youths, prevent teen pregnancy, assist minority business development, provide housing for low-income families, and beautify inner-city neighborhoods.

- **\$7.6 million State General Fund appropriated to the Office of Rural Development through the Rural Development Fund**

These funds are used for rural development and revitalization programs, including economic development, employment, local government services and management, business, agriculture, environment, land use and natural resources, human services and community life, health care, education, transportation, community facilities, and housing. Rural areas are parishes having less than 100,000 population or municipalities having less than 25,000 population. Rural grants are awarded on a quarterly basis after an application review and approval process.

- **\$1.0 million increase in State General Fund appropriated to the District Assistance Program at the Louisiana Indigent Assistance Board**

The Louisiana Supreme Court had ruled that judges could block the prosecution of indigent defendants until money to hire lawyers was made available. The additional state funding will supplement the Louisiana Indigent Assistance Board's \$9.4 million budget by allowing this board to provide formula grants in the amount of \$1 million to the district indigent defender boards based on caseload, income, reserve funds, and number of jury trials.

VETERANS AFFAIRS

SCHEDULE 03 - DEPARTMENT OF VETERANS AFFAIRS				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$9,219,451	\$7,080,930	(\$2,138,521)	(23.20%)
Interagency Transfers	\$0	\$0	\$0	0.00%
Fees and Self-generated	\$6,259,498	\$7,853,414	\$1,593,916	25.46%
Statutory Dedications	\$0	\$0	\$0	0.00%
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$7,337,346	\$9,020,263	\$1,682,917	22.94%
TOTAL	\$22,816,295	\$23,954,607	\$1,138,312	4.99%
Authorized Positions	556	556	0	0.00%

Funding for Veterans Affairs changed very little from FY 04-05. The total appropriation of \$23.9 million included minor standard statewide adjustments and a means of financing swap within the new Southwest Louisiana War Veterans Home to properly reflect new revenue that will be collected.

Listed below are the programs within Veterans Affairs, their total budget, the number of positions, and the number of beds.

	Total Recommendation FY 05-06	Number of Positions	Number of Beds
Veterans Affairs	\$4,467,363	79	N/A
Louisiana War Veterans Home (Jackson, LA)	\$7,394,609	161	195
Northeast Louisiana War Veterans Home (Monroe, LA)	\$7,066,989	151	156
Southwest Louisiana War Veterans Home (Jennings, LA)	\$5,025,646	165	165
TOTAL	\$23,954,607	556	516

- **\$1.9 million in State General Fund reduced in the Southwest Louisiana War Veterans Home and substituted with an increase of \$760,125 in Fees and Self-generated Revenue and an increase of \$1.1 million in federal funds**

This means of financing substitution in the Southwest Louisiana War Veterans Home will enable this 165-bed facility to budget, collect, and expend additional federal revenue and fees collected from patients. This veterans home, which was opened in 2004, will be fully operational in FY 05-06 and should no longer need some of the initial start-up State General Fund that was necessary to support its early stage operations.

SECRETARY OF STATE

SCHEDULE 04 - SECRETARY OF STATE				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$34,957,941	\$30,651,964	(\$4,305,977)	(12.32%)
Interagency Transfers	\$307,927	\$661,627	\$353,700	114.86%
Fees and Self-generated	\$15,149,701	\$15,021,831	(\$127,870)	(0.84%)
Statutory Dedications	\$47,678,544	\$48,389,559	\$711,015	1.49%
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$0	\$0	\$0	0.00%
TOTAL	\$98,094,113	\$94,724,981	(\$3,369,132)	(3.43%)
Authorized Positions	284	285	1	0.35%

- **\$48.4 million for the implementation of the Help America Vote Act is appropriated in federal funds**

Congress passed the Help America Vote Act (HAVA) of 2002 that provides one-time money to states in order to improve the election process and infrastructure.

JUSTICE

SCHEDULE 04 - DEPARTMENT OF JUSTICE - ATTORNEY GENERAL				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$14,258,562	\$14,903,611	\$645,049	4.52%
Interagency Transfers	\$14,634,267	\$17,801,699	\$3,167,432	21.64%
Fees and Self-generated	\$4,198,563	\$4,228,830	\$30,267	0.72%
Statutory Dedications	\$6,647,047	\$7,265,188	\$618,141	9.30%
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$2,171,291	\$3,835,364	\$1,664,073	76.64%
TOTAL	\$41,909,730	\$48,034,692	\$6,124,962	14.61%
Authorized Positions	463	516	53	11.45%

- **\$1.9 million in Interagency Transfers is appropriated to provide for the expansion of the New Orleans (21 positions) and Shreveport (7 positions) offices of the Risk Litigation Program**

This will allow an increase in the number of cases which can be handled in-house and reduce the necessity to hire contract counsel. The agency is increasing its targeted

performance in retaining cases in-house from a target of 75% in FY 04-05 to 82% in FY 05-06.

- **\$1.6 million is appropriated from federal funds for expansion of the Medicaid Fraud Control Unit in the Criminal Law Program**

25 positions will be added, which includes establishment of a new financial litigation section to increase activities with respect to the collection of judgments and fraud detection. Total funding is \$2.1 million (\$1,575,076 in federal funds and \$525,026 from the Medical Assistance Fraud Detection Fund).

- **\$460,000 in State General Fund is appropriated for support of civil legal services for the poor**

These funds are to be divided equally among the following service providers: Acadiana Legal Services Corporation, Capital Area Legal Services Corporation, Legal Services of North Louisiana, and Southeast Louisiana Legal Services Corporation.

- **\$422,916 in State General Fund is appropriated to support an increase in the attorney pay scale for the department**

This is a continuing effort to address the enduring problem of turnover among agency attorneys. The increase is in addition to an approximate 7% increase in the pay scale funded in FY 03-04.

LIEUTENANT GOVERNOR

SCHEDULE 04 - LIEUTENANT GOVERNOR				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$1,344,453	\$1,599,009	\$254,556	18.93%
Interagency Transfers	\$615,058	\$615,058	\$0	0.00%
Fees and Self-generated	\$0	\$85,000	\$85,000	-
Statutory Dedications	\$0	\$0	\$0	0.00%
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$4,328,330	\$3,328,330	(\$1,000,000)	(23.10%)
TOTAL	\$6,287,841	\$5,627,397	(\$660,444)	(10.50%)
Authorized Positions	9	13	4	44.44%

Note: The Office of the Lieutenant Governor administers the Department of Culture, Recreation and Tourism.

TREASURY

SCHEDULE 04 - DEPARTMENT OF TREASURY				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$1,122,946	\$1,074,009	(\$48,937)	(4.36%)
Interagency Transfers	\$1,196,626	\$1,196,626	\$0	0.00%
Fees and Self-generated	\$6,479,013	\$6,681,747	\$202,734	3.13%
Statutory Dedications	\$6,338,335	\$6,338,335	\$0	0.00%
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$1,000	\$1,000	\$0	0.00%
TOTAL	\$15,137,920	\$15,291,717	\$153,797	1.02%
Authorized Positions	56	60	4	7.14%

The FY 05-06 total means of financing is only \$153,797 more than the FY 04-05 Operating Budget. This is a 1% increase in the total means of financing. The Department of Treasury budget is essentially at a standstill level, except for four new positions.

REVENUE

SCHEDULE 12 - DEPARTMENT OF REVENUE				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$42,229,217	\$32,107,262	(\$10,121,955)	(23.97%)
Interagency Transfers	\$248,146	\$284,146	\$36,000	14.51%
Fees and Self-generated	\$45,684,254	\$56,889,371	\$11,205,117	24.53%
Statutory Dedications	\$730,000	\$485,000	(\$245,000)	(33.56%)
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$365,000	\$365,000	\$0	0.00%
TOTAL	\$89,256,617	\$90,130,779	\$874,162	0.98%
Authorized Positions	950	929	(21)	(2.21%)

There was a \$10 million reduction in State General Fund and an \$11 million increase in Fees and Self-generated Revenue. \$5 million of the State General Fund reduction and increase in Fees and Self-generated Revenue is due to a means of financing substitution. The balance of the State General Fund reduction comes from the nonrecurring of funding associated with the final phase of the new integrated tax record system and from a series of statewide standard adjustments. The balance of the increase in Fees and Self-generated Revenue is for information technology projects for an audit tracking system, a document imaging system, and a series of statewide standard adjustments. However, the FY 05-06 total means of financing is only \$874,162 more than the FY 04-05 Operating Budget. This is less than a 1% increase in the total means of financing. The Department of Revenue budget is essentially at a standstill level, except for the elimination of 21 vacant positions.

CIVIL SERVICE

SCHEDULE 17 - DEPARTMENT OF CIVIL SERVICE				
Means of Financing	Existing Operating Budget FY 04-05 as of December 2004	Act 16 FY 05-06	Change from FY 04-05 to FY 05-06	Percent Change
State General Fund	\$2,084,398	\$2,089,408	\$5,010	0.24%
Interagency Transfers	\$9,838,439	\$10,006,730	\$168,291	1.71%
Fees and Self-generated	\$617,296	\$653,914	\$36,618	5.93%
Statutory Dedications	\$1,301,756	\$1,297,143	(\$4,613)	(0.35%)
Interim Emergency Bd.	\$0	\$0	\$0	0.00%
Federal	\$0	\$0	\$0	0.00%
TOTAL	\$13,841,889	\$14,047,195	\$205,306	1.48%
Authorized Positions	176	175	(1)	(0.57%)

TANF INITIATIVES

INITIATIVES	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 05-06 NOTES
<u>Literacy</u>					
Public Pre-K	\$27,743,149	\$39,000,000	\$17,000,000	\$17,000,000	\$69 million total funding
Private Pre-K	\$6,000,000	\$8,500,000	\$8,500,000	\$8,500,000	
Drop-out Prevention	\$7,000,000	\$4,500,000	-	-	
After School	\$11,250,000	\$9,500,000	\$9,500,000	\$9,500,000	
Child Literacy	\$4,750,000	-	-	-	
Adult Literacy	\$4,496,000	\$1,500,000	-	-	
Truancy	\$2,430,193	\$2,430,193	-	-	
LPB Early Learning Initiative	-	-	-	-	
TOTAL LITERACY	\$63,669,342	\$65,430,193	\$35,000,000	\$35,700,000	
<u>Employment</u>					
Job Skills	\$8,000,000	\$11,750,000	\$600,000	-	
Microenterprise Development	\$1,000,000	\$641,666	-	\$750,000	
Cluster Training	\$5,000,000	-	-	-	
Court Ordered Training	\$1,350,000	-	-	-	
Incarcerated Job Skills	\$3,000,000	\$2,000,000	-	-	
Post-release programs	\$4,000,000	\$4,500,000	-	-	
TOTAL EMPLOYMENT	\$22,350,000	\$18,891,666	\$600,000	\$750,000	
<u>Family Stability</u>					
Teen Pregnancy	\$9,500,000	\$6,500,000	\$5,500,000	\$5,500,000	
Domestic Abuse	\$3,000,000	\$3,166,666	-	-	
Community Response	\$6,000,000	\$3,000,000	\$317,000	-	
Individual Development Accounts	\$2,000,000	-	\$149,000	\$1,000,000	
Fatherhood Initiatives	\$3,000,000	\$750,000	\$200,000	-	
Youth in Transition	\$419,807	-	-	-	
Family Strengthening	\$875,000	\$500,000	\$300,000	-	
CASA	\$4,830,000	\$4,830,000	\$3,000,000	\$3,000,000	
Drug Courts	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	
Substance Abuse	\$4,000,000	\$4,166,666	\$4,166,666	\$4,166,666	SGF for maintenance of effort

Housing Initiatives	\$7,000,000	-	-	-	
Home ownership	\$375,000	-	-	-	
Home Repair (Delta project)	\$1,000,000	-	-	-	
At-risk Children/Mental Health	\$1,750,000	\$1,750,000	\$2,750,000	\$2,750,000	SGF for maintenance of effort
Abortion Alternatives	\$1,500,000	\$1,500,000	-	\$500,000	
TOTAL FAMILY STABILITY	\$50,249,807	\$31,163,332	\$21,382,666	\$21,916,666	
Other					
Earned Income Tax Credit	-	-	\$350,000	\$315,000	
Foster Care Activities	-	-	\$375,000	\$325,000	
TOTAL OTHER	-	-	\$725,000	\$640,000	
GRAND TOTAL	\$136,269,149	\$115,485,191	\$57,707,666	\$59,006,666	

REVENUE ESTIMATING CONFERENCE OFFICIAL FORECASTS

**FISCAL YEAR 04-05
REVENUE ESTIMATING CONFERENCE
OFFICIAL FORECAST
(In Million \$)**

REVENUE SOURCE	Prior Official Forecast 12/15/04	Official Forecast 5/16/05	Change from Prior Official Forecast +(-)
Alcoholic Beverage	16.8	17.0	0.3
Beer	36.3	36.0	(0.3)
Corporate Franchise	185.0	185.0	0.0
Corporate Income	278.0	411.4	133.5
<i>Total Corp Fran. & Inc.</i>	<i>463.0</i>	<i>596.4</i>	<i>133.5</i>
Gasoline	446.8	448.2	1.5
Gift	2.9	3.4	0.5
Hazardous Waste	4.9	5.3	0.5
Individual Income	2,337.9	2,336.7	(1.2)
Inheritance	17.0	21.5	4.5
Natural Gas Franchise	5.3	7.0	1.7
Public Utilities	2.2	2.4	0.2
Auto Rental Excise	4.5	4.7	0.2
Sales Tax - General	2,200.6	2,248.7	48.1
Severance	625.5	682.2	56.7
Special Fuels	127.4	121.9	(5.5)
Supervision/Inspection Fee	5.1	4.8	(0.3)
Tobacco	139.4	147.8	8.5
Unknown Owners	14.6	24.2	9.6
Miscellaneous Receipts	5.6	6.0	0.4
Total - Dept. of Revenue	6,455.2	6713.7	258.5
Royalties	417.4	505.7	88.3
Rentals	16.7	13.1	(3.6)
Bonuses	20.9	27.5	6.6
Mineral Interest	2.9	(5.2)	(8.1)
Total - Natural Resources	457.9	542.2	84.3
Interest Earnings (SGF)	34.5	34.5	0.0
Interest Earnings (TTF)	1.4	1.4	0.0
Various Agency Receipts	38.0	38.0	0.0
Agency SGR Over-Collections	19.5	19.4	(0.1)
Bond Reimbursements	4.8	4.8	0.0
Quality Ed. Support Fund	63.8	65.2	1.4
Lottery Proceeds	112.3	115.0	2.7
Land-based Casino	66.5	69.6	3.0
Tobacco Settlement	55.7	57.8	2.2
DHH Provider Fees	96.1	96.1	0.0
Total - Treasury	492.6	501.7	9.1

Excise License	215.8	203.2	(12.7)
Ins. Rating Fees (SGF)	42.0	39.2	(2.8)
Total - Insurance	257.8	242.4	(15.5)
Misc. DPS Permits & ABC Permits	11.2	11.3	0.1
Titles	23.7	23.7	0.0
Vehicle Licenses	86.4	86.4	0.0
Vehicle Sales Tax	295.2	295.2	0.0
Riverboat Gaming	340.0	337.8	(2.2)
Racetrack slots	42.8	47.4	4.5
Video Draw Poker	179.8	182.8	3.0
Total - Public Safety	979.2	984.6	5.3
Total Taxes, Licenses, Fees	8,642.7	8,984.5	341.8
<i>Less: Dedications</i>	<i>(1,670.8)</i>	<i>(1,820.7)</i>	<i>(149.9)</i>
STATE GENERAL			
FUND REVENUE – DIRECT	6,971.8	7,163.9	192.1

Nonrecurring revenue (43.879)

Some columns and lines may not add precisely due to rounding.

FISCAL YEAR 04-05
REVENUE ESTIMATING CONFERENCE
OFFICIAL FORECAST
(In Million \$)

DEDICATIONS	Prior Official Forecast 12/15/04	Official Forecast 5/16/05	Change from Prior Official Forecast +(-)
Motor Fuels - Transportation Trust Fund	459.0	456.14	(2.8)
Motor Vehicles License - TTF	34.3	34.29	0.0
Aviation Tax - TTF	6.3	6.3	0.0
TTF/Interest and Fees	19.4	19.36	0.0
Motor Fuels - TIME Program	114.7	114.03	(0.7)
Motor Vehicle License - Hwy Fund #2	9.9	9.93	0.0
Severance Tax - Parishes	51.6	56.28	4.7
Severance Tax - Forest Prod. Fund	3.2	3.23	0.0
Royalties - Parishes	41.8	43.63	1.9
Royalties-DNR/AG Support Fund	2.1	2.1	0.0
Wetlands Fund	25.0	61.25	36.3
Mineral Audit Settlement Fund	0.0	30.47	30.5
Quality Ed. Support Fund	63.8	65.19	1.4
Sales Tax Econ. Development	11.2	11.44	0.2
Tourist Promotion District	17.5	17.5	0.0
Excise License - 2% Fire Ins.	14.0	13.2	(0.8)
Excise License - Fire Marshal Fund	10.8	10.16	(0.6)
Excise License - LSU Fire Tr.	1.9	1.83	(0.1)
Insurance Fees	42.0	39.21	(2.8)
State Police Salary Fund	15.6	15.6	0.0
Video Draw Poker	52.3	53.07	0.8
Racetrack Slots	19.4	19.6	0.2
Lottery Proceeds Fund	111.8	114.5	2.7
SELF Fund	139.6	138.7	(0.9)
Riverboat 'Gaming' Enforce.	56.5	56.24	(0.3)
Compulsive Gaming Fund	2.0	2.0	0.0
Stabilization Fund	137.1	212.3	75.2
Hazardous Waste Funds	4.9	5.33	0.5
Supervision/Inspection Fee	5.1	4.75	(0.3)
Insp. Fee/Gasoline, Ag. Petroleum Fund	4.4	4.78	0.4
Tobacco Settlement	55.7	57.82	2.2
Tobacco Tax Health Care Fund	41.8	44.34	2.5
DHH Provider Fees	96.1	96.1	0.0
Total Dedications	1,670.8	1,820.7	149.9

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FISCAL YEAR 05-06
REVENUE ESTIMATING CONFERENCE
OFFICIAL FORECAST
(In Million \$)

REVENUE SOURCE	Prior Official Forecast 12/15/04	Official Forecast 5/16/05	Change from Prior Official Forecast +/-
Alcoholic Beverage	16.5	16.73	0.2
Beer	35.7	35.5	(0.3)
Corporate Franchise	165.5	165.5	(0.1)
Corporate Income	312.5	427.6	115.1
<i>Total Corp Fran. & Inc.</i>	<i>478.0</i>	<i>593.0</i>	<i>115.0</i>
Gasoline	446.8	450.8	3.9
Gift	3.2	3.8	0.6
Hazardous Waste	4.9	5.5	0.6
Individual Income	2,417.5	2,416.2	(1.3)
Inheritance	1.0	1.0	0.0
Natural Gas Franchise	4.7	6.4	1.7
Public Utilities	2.0	2.4	0.4
Auto Rental Excise	4.5	4.9	0.4
Sales Tax - General	2,220.8	2,269.0	48.2
Severance	494.4	656.7	162.3
Special Fuels	130.1	124.4	(5.7)
Supervision/Inspection Fee	5.4	5.1	(0.3)
Tobacco	136.1	144.3	8.2
Unknown Owners	14.3	24.2	9.9
Miscellaneous Receipts	5.5	5.6	0.0
Total - Dept. of Revenue	6,421.5	6,765.5	344.0
Royalties	403.9	436.4	32.5
Rentals	16.2	17.5	1.3
Bonuses	20.2	21.8	1.6
Mineral Interest	2.9	2.9	0.0
Total - Natural Resources	443.2	478.5	35.3
Interest Earnings (SGF)	45.0	45.0	0.0
Interest Earnings (TTF)	0.9	0.9	0.0
Various Agency Receipts	38.0	38.0	0.0
Agency SGR Over-Collections	19.2	19.4	0.2
Bond Reimbursements	4.4	4.4	0.0
Quality Ed. Support Fund	62.9	65.1	2.2
Lottery Proceeds	105.5	106.0	0.5
Land-based Casino	69.9	74.4	4.4
Tobacco Settlement	57.2	59.7	2.5
DHH Provider Fees	94.7	94.7	0.0
Total - Treasury	497.7	507.5	9.8

Excise License	230.1	210.7	(19.4)
Ins. Rating Fees (SGF)	44.4	40.7	(3.7)
Total - Insurance	274.5	251.3	(23.2)
Misc. DPS Permits & ABC Permits	11.3	11.3	0.0
Titles	24.2	24.2	0.0
Vehicle Licenses	87.5	87.5	0.0
Vehicle Sales Tax	305.7	305.7	0.0
Riverboat Gaming	341.0	342.2	1.2
Racetrack slots	42.9	45.9	3.0
Video Draw Poker	182.3	185.3	3.0
Total - Public Safety	994.9	1,002.0	7.1
Total Taxes, Licenses, Fees	8,631.8	9,004.9	373.1
<i>Less: Dedications</i>	<i>(1,528.5)</i>	<i>(1,733.0)</i>	<i>(204.5)</i>
STATE GENERAL			
FUND REVENUE – DIRECT	7,103.3	7,271.9	168.6

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FISCAL YEAR 05-06
REVENUE ESTIMATING CONFERENCE
OFFICIAL FORECAST
(In Million \$)

DEDICATIONS	Prior Official Forecast 12/15/04	Official Forecast 5/16/05	Change from Prior Official Forecast +(-)
Motor Fuels - Transportation Trust Fund	461.5	460.2	(1.3)
Motor Vehicles License - TTF	34.7	34.7	0.0
Aviation Tax - TTF	6.3	6.3	0.0
TTF/Interest and Fees	18.9	18.9	0.0
Motor Fuels - TIME Program	115.4	115.0	(0.4)
Motor Vehicle License - Hwy Fund #2	10.1	10.1	0.0
Severance Tax - Parishes	40.8	54.2	13.4
Severance Tax - Forest Prod. Fund	3.2	3.2	0.0
Royalties - Parishes	40.4	43.6	3.2
Royalties-DNR/AG Support Fund	2.1	2.1	0.0
Wetlands Fund	25.0	25.7	0.7
Mineral Audit Settlement Fund	0.0	0.0	0.0
Quality Ed. Support Fund	62.9	65.1	2.2
Sales Tax Econ. Development	11.4	11.6	0.2
Tourist Promotion District	17.5	17.5	0.0
Excise License - 2% Fire Ins.	15.0	13.7	(1.3)
Excise License - Fire Marshal Fund	11.5	10.5	(1.0)
Excise License - LSU Fire Tr.	2.1	1.9	(0.2)
Insurance Fees	44.4	40.7	(3.7)
State Police Salary Fund	15.6	15.6	0.0
Video Draw Poker	54.5	55.3	0.8
Racetrack Slots	19.8	19.8	(0.1)
Lottery Proceeds Fund	105.0	105.5	0.5
SELF Fund	140.9	145.6	4.7
Riverboat 'Gaming' Enforce.	56.6	56.8	0.2
Compulsive Gaming Fund	2.0	2.0	0.0
Stabilization Fund	3.5	184.5	181.0
Hazardous Waste Funds	4.9	5.5	0.6
Supervision/Inspection Fee	5.4	5.1	(0.3)
Insp. Fee/Gasoline, Ag. Petroleum Fund	4.4	4.8	0.4
Tobacco Settlement	57.2	59.7	2.5
Tobacco Tax Health Care Fund	40.8	43.3	2.5
DHH Provider Fees	94.7	94.7	0.0
Total Dedications	1,528.5	1,733.0	204.5

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HB 1 VETO MESSAGE

July 14, 2005

Mr. Alfred W. Speer
Clerk of the House of Representatives
State Capitol
Baton Rouge, Louisiana 70804

Mr. Glenn Koepp
Secretary of the Senate
State Capitol
Baton Rouge, Louisiana 70804

RE: House Bill No. 1 of the 2005 Regular Session of the Legislature
An Act making appropriations for the ordinary expenses of the executive branch of state government, pensions, public schools, public roads, public charities, and state institutions and providing with respect to the expenditure of said appropriations.

Dear Gentlemen:

As authorized by Article III, Section 18(B), and more particularly, Article IV, Section 5(G)(1) of the Constitution of Louisiana, I have exercised my right to veto 20 items or provisions of the General Appropriation Bill.

VETO MESSAGE NO. 1:

Page 34, Lines 43 through 45

This amendment provides \$50,000 payable out of state general fund to the Museum and Other Operations Program for the Tupper Museum in Jennings as pass-through funding. The Tupper Museum is operated by local government and the Secretary of State does not have jurisdiction over the museum. Funding was not requested by the Secretary of State and there is no explanation regarding how funding will be utilized. For these reasons, I am vetoing this amendment.

VETO MESSAGE NO. 2:

Page 35, Lines 17 through 20

This amendment provides \$60,000 payable out of state general fund and increases the Table of Organization in the Museum and Other Program by one unclassified position at the Louisiana State Oil and Gas Museum. The position was not requested by the Secretary of State and there was no justification regarding the need for this position. This amendment increases the number of positions in state government which conflicts

with the goal of the administration to minimize the growth of state government. Therefore, I am vetoing this amendment.

VETO MESSAGE NO. 3:

Page 35, Lines 28 through 31

This amendment provides \$34,228 payable out of state general fund and increases the Table of Organization in the Museum and Other Program by two positions at the Louisiana State Exhibit Museum. The positions were not requested by the Secretary of State and there was no justification regarding the need for these positions. This amendment increases the number of positions in state government which conflicts with the goal of the administration to minimize the growth of state government. Therefore, I am vetoing this amendment.

VETO MESSAGE NO. 4:

Page 36, Lines 5 through 7

This amendment provides \$10,000 payable out of state general fund to the Museum and Other Operations Program for the Louisiana Military Museum in Ruston. This amendment provides excess funding for operational expenses of this museum. Adequate funding has already been provided to cover the necessary costs. For these reasons, I am vetoing this amendment.

VETO MESSAGE NO. 5:

Page 52, Lines 48 through 50

This amendment provides \$50,000 in state general fund to the Office of Business Development for HTV-Channel 10 for the Write-On Program. The state of Louisiana has a Music Commission which is dedicated to promoting and developing Louisiana's popular and commercial music and related industries to produce the highest possible economic and cultural benefit for the people of Louisiana. Therefore, this amendment would be a duplication of effort due to funding provided to the Louisiana Music Commission. For this reason, I am vetoing this amendment.

VETO MESSAGE NO. 6:

Page 53, Lines 4 through 6

This amendment provides \$126,000 in state general fund to the Office of Business Development for the Northeast Louisiana Film and Video Commission. The state of Louisiana has the Office of Film & Television Development within the Department of Economic Development which is dedicated to encouraging the development of a strong capital base for motion picture and television productions, in order to achieve a more independent, self-supporting industry throughout the state of Louisiana. Due to the funding already provided to the Department of Economic Development's Office of Film & Television Development, I am vetoing this amendment.

VETO MESSAGE NO. 7:

Page 58, Lines 44 through 46

This amendment provides \$25,000 payable out of state general fund to the Office of State Museum as pass-through funding for the Friends of E. D. White for improvements to the E. D. White State Commemorative Area. This funding will be utilized to build a functional outdoor kitchen reflecting the 1800's. The Friends of E. D. White is a non-profit organization which has the ability to raise funding through private donations to supplement funding for the E. D. White Museum. The Organization should use this avenue as a means of funding this project. State funding for E. D White, a state agency, is provided through the Department of Culture, Recreation, and Tourism – Office of the State Museum. This project was not requested within the Department of Culture, Recreation, and Tourism – Office of State Museum's budget request nor has the Department indicated that it is a priority. If the state is to fund this project, it should be requested through the Office of State Museum and prioritized by the Department. For these reasons, I am vetoing this amendment.

VETO MESSAGE NO. 8:

Page 65, Lines 25 through 28

This amendment provides \$50,000 payable out of state general fund to the DOTD Water Resources and Intermodal Program for operating expenses of the Amite River Basin Commission. The operation and maintenance of this project is the responsibility of local government. A tax election was held in July of 2000 approving a 3-mill property tax subject to homestead exemption on property located within the District. Ongoing operational and maintenance costs should have been addressed in conjunction with this property tax proposal. For these reasons, I am vetoing this amendment.

VETO MESSAGE NO. 9:

Page 68, Lines 12 through 26

This amendment provides \$140,000 payable out of state general fund to be used exclusively for construction of an enclosed drainage pipe along LA Highway 48 (Jefferson Highway) in the state owned right-of-way of the northeast quadrant of the intersection of LA Highway 48 and Folse Drive in Harahan, in the event that the sale, lease, conveyance, transfer, assignment, or delivery of a certain parcel of state property located in Jefferson Parish as more fully described in Act 222 of the 2005 Regular Session of the Legislature is effected and revenue from such transaction in the amount of \$140,000 is deposited into the state general fund. Jefferson Parish received a permit from the Department of Transportation and Development (DOTD) to do drainage improvements at this area within the past couple of years. The parish encountered some utility conflicts where three pipes come together and did not build a conflict/junction box so that they could close the hole up and finish the project. The hole has been in existence for over a year now and is away from the paved shoulder and beside the right of way with some of the hole being off of DOTD right of way. This is a local project and the responsibility of the parish. For these reasons, I am vetoing this amendment.

VETO MESSAGE NO. 10:

Page 106, Lines 22 through 24

This language amendment requires the Department of Health and Hospitals (DHH) to maintain the current reimbursement rate for Medicaid prescription drugs. It prohibits any flexibility in reimbursement by DHH in budgetary deficits, and prohibits any redesign of the pharmacy reimbursement methodology. DHH was authorized and funded to conduct an ingredient study aimed at evaluating our pharmacy reimbursement rates. Analysis from the study may indicate that Louisiana Medicaid is reimbursing at a higher than reasonable reimbursement rate. In addition, with the Medicare Modernization Act (MMA) beginning coverage of Medicare Part D, DHH may benefit from these reimbursement methodologies. Both the Bush Administration budget for Federal FY06 and the NGA Report on Medicaid Reform propose going from average wholesale price to average sale price, which is less than average wholesale price. If Congress adopts those changes for Federal FY06, Louisiana would be unable to comply or take advantage of the savings if the language stays in the bill. For these reasons, I am vetoing this amendment.

VETO MESSAGE NO. 11:

Page 114, Lines 29 through 31

This language amendment within the Office of Public Health (OPH) states, "Provided, however, that the existing genetic testing programs with Tulane University Health Sciences Center for patient evaluation, management, and consultation with the newborn screening laboratory on positive newborn screens shall remain at the Fiscal Year 2005 level." OPH is committed to provide the same services for recipients in the genetics program as were provided last year. However, OPH should have the flexibility to provide those services in the most cost-efficient manner. This amendment precludes OPH from exploring alternate ways to provide this service and to determine if savings could be achieved. For these reasons, I am vetoing this amendment.

VETO MESSAGE NO. 12:

Page 197, Lines 1 through 14

This amendment, starting on line 1 with "In the event that HB 505..." and ending on line 14 with "the Chancellor's Office and all campuses", is a language amendment that ensures at least fifty percent (50%) of all educational and general expenditures of the Louisiana Technical Colleges (LTC) are in the area of instruction. The Louisiana Community and Technical College System Board of Supervisors must also submit to the Joint Legislative Committee on the Budget a monthly expense report indicating both monthly and year-to-date budgeted and actual educational and general expenditures for the LTC, including the Chancellor's Office and all campuses. This language infringes upon the constitutional and statutory authority of the Louisiana Community and Technical College System Board of Supervisors to manage and supervise the schools in their system. Moreover, the language conflicts with the Board of Regents constitutional

budgetary and Master Plan authority that governs Higher Education. For the reasons stated, I am vetoing this amendment.

VETO MESSAGE NO. 13:

Page 253, Lines 11 through 13

This amendment provides \$89,000 payable out of state general fund to the St. Tammany Arts Association for safety purposes. As this association is local in nature and serves an area of the state with a solid local tax base, the citizens of the area should shoulder the cost of this project if those citizens deem this project has merit. Items such as this are eligible for funding from the Arts Grant Program in the Office of Cultural Development, within the Department of Culture, Recreation and Tourism. For these reasons, I am vetoing this appropriation.

VETO MESSAGE NO. 14:

Page 254, Lines 10 through 12

This amendment provides \$25,000 payable out of state general fund to South Beauregard High School for athletic facilities. As South Beauregard High School is a public school, the local school board should bear this cost if they determine this project has merit. For this reason, I am vetoing this appropriation.

VETO MESSAGE NO. 15:

Page 257, Lines 16 through 18

This amendment provides \$50,000 payable out of state general fund to East Feliciana Parish Police Jury for improvements to Lemon Road. The state already invests heavily in local parish transportation efforts both in the state's operating budget as well as through the capital outlay budget. The state provides \$31.2 million each year through the Parish Road Program for road improvements. Local governmental entities are required to prioritize their road maintenance needs based on merit. This road improvement should be reviewed by the parish based on need and prioritized accordingly. For this reason, I am vetoing this appropriation.

VETO MESSAGE NO. 16:

Page 259, Lines 12 through 14

This amendment provides \$40,000 payable out of the state general fund to Jackson Parish for Chatham Lake replacement drawn-down gates. This is a local endeavor and should be funded from local resources. For this reason, I am vetoing this appropriation.

VETO MESSAGE NO. 17:

Page 261, Lines 26 through 27

This amendment provides \$20,000 payable out of state general fund to the town of Leonville for drainage. This project has potential of being funded through the federal

government's Community Development Block Grant program or through the state's existing rural development program. For this reason, I am vetoing this appropriation.

VETO MESSAGE NO. 18:

Page 262, Lines 30 through 32

This amendment provides \$35,000 payable out of state general fund to the Baton Rouge Economic and Agricultural Development Alliance for "Buy Fresh, Buy Local". This alliance's efforts are local in nature. The alliance is located in an area of the state with a solid local tax base. If the citizens of that area deem this project has merit, then local revenue resources should shoulder the cost of the project. For this reason, I am vetoing this appropriation.

VETO MESSAGE NO. 19:

Page 265, Lines 1 through 2

This amendment provides \$25,000 payable out of state general fund to the St. Rose Cancer Center. No additional information has been provided to determine the merits of this entity or whether it duplicates existing state programs. For these reasons, I am vetoing this appropriation.

VETO MESSAGE NO. 20:

Page 265, Lines 20 through 22

This amendment provides \$150,000 payable out of state general fund to the town of Jennings for drainage improvements. This project has potential of being funded through the federal government's Community Development Block Grant program or through the state's existing rural development program. For this reason, I am vetoing this appropriation.

Sincerely,

Kathleen Babineaux Blanco
Governor

jw

HB 2 VETO MESSAGE

July 14, 2005

Mr. Alfred W. Speer
Clerk of the House of Representatives
State Capitol
Baton Rouge, Louisiana 70804

Mr. Glenn Koepp
Secretary of the Senate
State Capitol
Baton Rouge, Louisiana 70804

RE: House Bill 2 of the 2005 Regular Session
An Act with respect to the capital outlay budget and the capital outlay program
for state government, state institutions and other public entities.

Gentlemen:

As authorized by Article III, Section 18(B) and Article IV, Section 5(G) of the Constitution of Louisiana, I have exercised my right to veto line items or provisions of the 2004 Capital Outlay Appropriations Bill.

Veto Message No. 1:

Page 21 Lines 14 through 23

Jimmie Davis Bridge, LA 511, Planning and Construction (Bossier, Caddo). This appropriation moves funding from the Shreveport Convention Center project to the Jimmie Davis Bridge project pending the possible outcome of a lawsuit on the Convention Center project. This is a contingent appropriation, which adds funds to the project based on the outcome of a lawsuit that is the subject of Veto Message No. 1 above. For this reason, I am vetoing this amendment.

Veto Message No. 2:

Page 55 Lines 25 through 32

Northeast DeRidder Bypass Loop, Feasibility Study (Beauregard): The proposed project is currently not included in the state's Long Range Transportation Plan. The cost to implement this project would likely be in the \$50 million to \$60 million range. The Department of Transportation and Development is evaluating a more cost efficient solution to the DeRidder traffic issue. An in-house feasibility study is currently underway on the addition of a center turn lane on LA 27 and US 171. For these reasons, I am vetoing this amendment.

Veto Message No. 3:

Page 109 Lines 24 through 38

Convention Center Complex, Planning and Construction (Caddo): This capital outlay project has been funded and has received a cash and non-cash line of credit for the full amount of the appropriation.

Impact on city's bond payments: The Conference Committee Amendment No. 29 to the Senate Floor Amendment 3417, No. 4 and Senate Floor Amendment 3417, No. 3 could adversely impact the completion and ultimate occupancy of the project thereby jeopardizing the ability of the city of Shreveport to make payments on the bonds sold for the design and construction of this facility. The amendment prohibits the expenditure of state capital outlay dollars on this project until there is a final and non-appealable judgment in the pending lawsuit. The amendment has a sunset of June 30, 2006. If the lawsuit is not resolved expeditiously, the project will not be completed in accordance with the established schedule, which will delay occupancy and the generation of revenues necessary to pay off the bonds. This will potentially cost the citizens of Shreveport local general fund dollars as bond payments will either have to be made or the city will default on the bonds. For these reasons, I am vetoing this amendment.

Veto Message No. 4:

Page 126 Line 34 Delete the \$150,000 General Fund Appropriation

West St. Tammany YMCA, Building, Planning and Construction (St. Tammany): This is the only YMCA project in the bill that would receive a general fund appropriation. The project has \$200,000 in Priority 2 and \$2,800,000 in Priority 3 for a total remaining appropriation of \$3,000,000 after the veto of the \$150,000 in general fund dollars. The capital outlay request submitted for the project indicated a total request of \$3,000,000. Consequently, the \$3,000,000 appropriation would be a sufficient amount to fund this project along with the \$3,700,000 in matching funds identified in the bill should the Bond Commission give its approval. For this reason, I am vetoing this amendment.

Sincerely,

Kathleen Babineaux Blanco
Governor

jw